French banks
Another bruising year ahead
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Computers
PC price wars reach Japan
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Domestic appliances
Pressing ahead with high-tech irons
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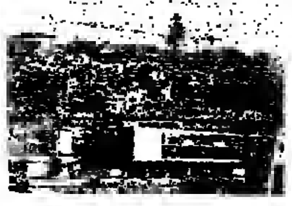

Italian corruption
Public works in paralysis
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FINANCIAL TIMES

Europe's Business Newspaper — TUESDAY MARCH 2 1993 — D8523A

Serbs close in on area targeted for US aid air-drop

Serb forces were close to seizing Cerska, the Moslem enclave in eastern Bosnia said by United Nations officials to be the target for the first US air-drop of emergency relief supplies.

Reports from Cerska said there was no evidence any of the 21 tonnes of food and medicine dropped by the US was recovered by besieged Moslems or others involved in the fighting. Page 16; Bosnia talks, Page 2

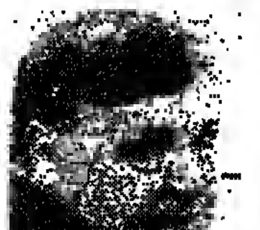
Two stabbed to death in Tel Aviv: Islamic Jihad claimed one of its members stabbed two Israelis to death in Tel Aviv and wounded eight others. The Israeli army later said it would seal off the occupied Gaza Strip from today until further notice.

Fresh arrest in Italian probe: Primo Greganti, an official in the Turin branch of the Italian Communist party, was arrested by Milan magistrates on suspicion of operating a Swiss bank account to receive pay-offs from contracts in the power industry. Page 16

US community service drive: US president Bill Clinton announced a pilot scheme to provide loans for university education, to be paid off by community service. The president hopes 100,000 people will be involved in a national programme by 1997. Page 3

Russian oil deal sought: An attempt is being made to revive Russia's collapsing oil industry through co-operation at a meeting of all former Soviet republics. Page 2

Cosa Nostra suspect denies Mafia links



Salvatore "Toto" Riina, (left) accused by the Italian authorities of heading Cosa Nostra, the umbrella organisation of the Sicilian Mafia, denied he had been a Mafia "super-boss". "I don't know what Cosa Nostra is," he said in a Palermo court, in his first public appearance since his arrest in January after being on the run for 24 years. Riina testified for an hour at a trial for the Mafia killings of three Sicilian politicians which began before his arrest.

Repsol, Spanish oil and gas conglomerate being prepared for further partial privatisation, reported a 1.8 per cent increase in net profits for 1992, to Pta71.43bn ($607m) in spite of a sharp drop in cash flow. Page 17; Lex, Page 16

Tokyo defies US over supercomputer: Japan's National Institute for Fusion Science, a government research institute, began installing a Japanese-made NEC supercomputer rather than a US-made machine. It rejected US claims that NEC won the contract because of a public procurement policy favouring Japanese companies. Page 5; US price warriors spark revolution in Japan, Page 17; NEC predicts loss, Page 20

Steel faces US duties by June: The US could impose anti-dumping duties on imports of certain steel products as early as mid-June, according to US trade sources. Page 16; Klöckner-Werke unveils restructuring, Page 17

Warrington bomb charges: Three men were charged in connection with the IRA bombing of a gasworks at Warrington, in north-west England. Two were accused of shooting a policeman. All will appear in court in London today.

Owners rebuffs Airtours bid: UK holiday group Owners Abroad rejected a raised final hostile offer from rival group Airtours, which values the company at £266m ($380m) saying it still undervalued the company. Page 17; Lex, Page 16

Indian currency curbs to be lifted: Further Indian currency liberalisation is planned after the rupee was floated on foreign exchange markets this week, finance minister Manmohan Singh said. Page 4

UK condom market to be checked: The £45m ($64m) a year UK condom market is to be investigated by the Monopolies and Mergers Commission, which will review price controls introduced 11 years ago. LRC Products and the Australian Ansell Corporation together control 95 per ceot of the market. Page 7

Japan housing starts stutter: Japanese housing starts, which grew strongly in the second half of last year, appeared to be slowing down with a 0.9 per cent rise in January compared with a year ago. Page 4

■ STOCK MARKET INDICES		
FT-SE 100:	2882.6	(+14.6)
Yield	4.19	
FT-SE Eurotrack 100	1158.29	(+18.40)
FT-A All-Share	1403.48	(+0.5%)
Nikkei	16,879.60	(−73.75)
New York lunchtime		
Dow Jones Ind Ave	3302.43	(+11.62)
S&P Composite	444.83	(+0.65)
■ US LUNCHTIME RATES		
Federal Funds:	3⅝%	
3-mo Treas Bills: Yld	3.882%	
Long Bond	103$\frac{3}{32}$	
Yield	6.827%	
■ LONDON MONEY		
3-mo Interbank	6$\frac{1}{16}$%	(6$\frac{1}{32}$%)
Liffe long gilt future:	Mar 105$\frac{11}{32}$	(Mar. 104½)
■ NORTH SEA OIL (Argus)		
Brent 15-day April	$18.55	(18.825)
■ Gold		
New York Comex April	$329.3	(329.0)
London	$328.55	(327.75)

■ STERLING		
New York lunchtime:		
$	1.483	
London:		
$	1.44	(1.423)
DM	2.37	(2.335)
FFr	8.0425	(7.94)
SFr	2.1975	(2.1725)
Y	170.75	(168.0)
£ Index	77.1	(76.0)
■ DOLLAR		
New York lunchtime:		
DM	1.6536	
FFr	5.606	
SFr	1.5385	
Y	118.85	
London:		
DM	1.6465	(1.6415)
FFr	5.585	(5.58)
SFr	1.526	(same)
Y	118.6	(118.0)
$ Index	66.5	(66.6)
Tokyo close Y 118.43		

Austria	Sch30	Greece	Dr300	Lux	LFr60	Qatar	QR12.00		
Bahrain	Din1.250	Hungary	Ft172	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr60	Iceland	IKr160	Morocco	MDh13	Singapore	S$4.10		
Bulgaria	Lw25.00	India	Rs40	Neth	Fl 3.75	Slovak Rp	Kcs45		
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira25	Spain	Pta200		
Czech Rp	Kcs45	Israel	Shk5.90	Norway	NKr18.00	Sweden	SKr15		
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Switz	SFr3.20		
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Syria	S£60.00		
Finland	FM12	Korea	Won 2500	Philippines	Peo45	Thailand	Bht60		
France	FFr8.50	Kuwait	Fils.600	Poland	Zl 22,000	Tunisia	Din1.250		
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es215	Turkey	L7000		
						UAE	Dh11.00		

German rate cut hopes lift equities and sterling

By James Blitz and Richard Waters in London

EUROPEAN bond and equity markets rallied strongly yesterday amid strong expectations in financial markets that Germany's official interest rates will be lowered again after an interval of just four weeks.

Sterling also showed signs of recovering from its recent lows to enjoy a powerful rally against the D-Mark following comments at the weekend from Mr Helmut Schlesinger, the Bundesbank president, indicating that he has taken a more relaxed attitude to further reductions in German interest rates.

Hnwever, Germany's latest inflation figure yesterday raised concern that the Bundesbank might not be willing to ease its Lombard and discount rates at its council meeting on Thursday, despite the deterioration in the German economic outlook. Consumer price inflation rose to an annualised rate of 4.2 per cent in the year to February.

After falling to new historic lows against the German currency last week, sterling yesterday rose 3¼ pfennigs against the D-Mark to close in London at DM2.3700.

It also rose sharply when measured by its exchange rate index, which expresses the pound's value against a basket of currencies. The pound closed at 77.1 on the index from a previous close of 76.0.

The London stock market also rallied to an all-time closing high, on hopes that a cut in German interest rates would assist a further easing in UK monetary policy. The FT-SE 100 index of leading shares closed 14.6 points up on the day at 2,882.6.

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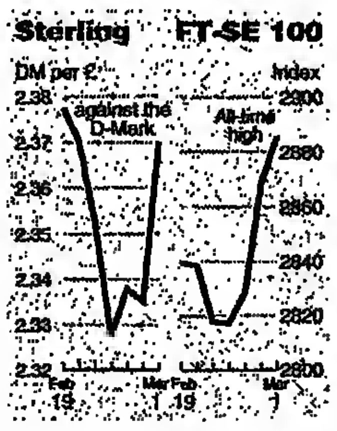

European stock markets were huoyant on expectations of an easing in Bundesbank policy.

In Paris, the CAC-40 share index gained 15.09 points on the day to end at 1,998.80. In Frankfurt, the 30-share DAX index gained 16.60 points to close at 1,700.95. German government bond prices rose half a point with 10-year bonds yielding around 6.65 per cent yesterday evening.

After the weekend meeting in London of finance ministers of the Group of Seven leading industrial nations, Mr Schlesinger suggested that a reduction in the minimum reserves which German banks have to hold in non-interest bearing accounts at the Bundesbank should prompt a slight fall in German money market rates.

The introduction yesterday of the new reserve requlrements triggered a sharp fall in the cost of borrowing D-Marks overnight, from about 9 per cent to 8.73 per cent. This raised speculation that the Bundesbank could lower its "repo" rate – at which it provides wholesale funds to commercial banks – hy as much as 15 basis points later this week from the current level of 8.5 per cent.

However, the operations of dealers in German money markets clearly implied that they also expect a cut in the discount rate, currently at 8 per cent, which sets the floor for German interest rates.

Mr David Cocker, chief economist at Chemical Bank in London, said the main requirements of an easing in the discount rate were not in place. The German government's solidarity pact has not been agreed and important wage agreements with the country's trade unions had not yet been completed.

Business as nsual: Commodities trade resumes in one of the buildings of New York's World Trade Centre

NY's Trade Centre partly reopens after bomb blast

By Nikki Tait and Karen Zagor in New York and Laurie Morse in Chicago

OFFICE WORKERS jostled with television crews and emergency services yesterday as Manhattan's World Trade Centre partly reopened after Friday's homb hlast which killed five people.

Mr Stanley Brezenoff, executive director of the Port Authority of New York and New Jersey, which operates the complex, estimated that about two-thirds of the 50,000 people who normally work there had been displaced.

He confirmed that it would be at least another week before the complex's 110-storey twin towers reopen, hut said there was no fresh information on who was responsible for the bomb.

Many of the hundreds of financial firms based in the complex had used the weekend to shift operations to other offices. Deloitte & Touche, the international accountancy firm which normally has 1,200 people working from seven floors of One World Trade Centre said that it was temporarily housing them in its Broadway office. With the tax season in full swing, some employees were also working out of client offices.

Deloitte said that it had been allowed into the twin towers on Sunday to retrieve urgent files, and that the only visible damage was from smoke. "There's a fine soot on the computer equipment, hut we won't know whether that's affected the hardware until we turn it on," a Deloitte official said.

Dean Witter Reynolds, the hrokerage firm and largest single tenant of the complex, said it had relocated 4,500 employees to six company offices in New York and three more in New Jersey. It said that its trading operations were running normally.

US firms were not the only casualties. Some subsidiaries of foreign financial services firms based in the twin towers faced similar disruption. Commerzhank Capital Markets normally has about 50 people working out of One World Trade Centre. They were attempting to move across West Street, to the bank's offices in the separate World Financial Centre complex. "It's very

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Insurers hraced for hlast claims, Page 3

Brazilian minister and bank chief quit

By Christina Lamb in Minas Gerais

BRAZILIAN economic policy was thrown into further confusion yesterday with the resignation of Mr Paulo Haddad, the second economy minister in three months to quit the government of President Itamar Franco.

Mr Haddad resigned after Mr Franco refused to give him more time to present an economic stabilisation plan and publicly criticised him for failing to reduce spiralling inflation. Mr Gustavo Loyola, governor of the central bank, also resigned yesterday, along with the bank's entire directorate.

Within hours, Mr Franco named Mr Eliseu Rezende, head of the state-owned electricity company Eletobrás, as the new economy minister. Though not an economist, Mr Rezende has a long history of public sector experience.

Mr Haddad's decision heightened fears that the government would resort to a shock economic plan, including a price freeze, in an attempt to bring down inflation from current levels of 30 per cent a month.

But a presidential spokesman denied any economic shock plan was being considered.

Mr Antonio Delfim Netto, a congressman and former planning minister, predicted an immediate rise in inflation. "I think Itamar wants the best for the country but just doesn't understand the significance of his actions, he said.

The news hit Brazil's financial markets as the country returned to work after week-long carnival celebrations.

The main São Paulo bourse dropped 6 per cent before recovering to 2.1 per cent down at lunchtime after the nomination of Mr Rezende as the new minister.

Mr Rezende, an engineer, was transport minister during the military regime of 1979-85.

A personal friend of Mr Franco, he is from the president's home state of Minas Gerais and, coincidentally, from the same town as Mr Haddad. He described himself yesterday as "a soldier of Itamar".

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Background, Page 3

GPA offers new shares at $1 in bid to ensure survival

By Roland Rudd in London

GPA GROUP, the aircraft leasing company, is offering its shareholders the right to buy shares at $1, compared with the $30 it said they were worth less than a year ago.

In an attempt to raise naw funds, GPA has set the conversion price of its $200m preference share issue at $1. The cash is needed to ensure the company's survival.

The price compares with $20 a ahare offered in the Irish-based company's aborted flotation last June and the $30 a share it said they were worth less than a year ago.

Nomura International, the Japanese securities house which is organising the new share issue, has told GPA's shareholders that the restructuring of the group's $5.5bn of dehts is contingent on raising new equity.

Shareholders have been asked to give their response before the end of this month, when the restructuring is due to be completed.

One shareholder said: "If we do not take part in this share issue, we have been told the banks will take effective control of the company."

It is the third time that GPA investors have been asked to raise cash in less than a year. The company was forced to pull a preference share issue, with a conversion price of $8, at the end of last year following its failure to go public in the summer.

Of the four hig shareholders which account for 35 per cent of tha group, Aer Lingus has said it is unlikely to take part, while Air Canada has not yet made a decision.

Mitsubishi Trust and Banking Corporation and Irish Life are understood to be inclined to take part, although part of Irish Life's shareholding is made up of non-beneficial trusts which may not take up the new shares.

Other shareholders contacted by the Financial Times yesterday said they had yet to decide whether to take up the new shares.

GPA's banks have already make clear they will only agree to the restructuring if shareholders take part in the new issue.

The banks are being asked to defer to late 1996 approximately $1hn of debt repayments due between the end of last year and September 30.

The issuing of 200m new shares – there are currently 120m fully diluted shares – means that shareholders unable to take part in the fund-raising will find their stakes significantly diluted.

The collapse in the apparent value of GPA's shares will not only be a hlow to its hig shareholders but also will prove financially damaging to many of the group's executives who have borrowed to huy shares at the then market price of about $30.

Mr Tony Ryan, chairman, has borrowed $35m from Merrill Lynch against the value of his 9.3m shares, while Mr Colm Barrington, chief executive responsible for GPA Leasing and GPA Capital, borrowed $1.5m from the Bank of Ireland to buy GPA shares.

The ordinary shares are currently quoted on the Dublin "grey market" at between $1 and $4.

CONTENTS

Germany to seek energy compromise

By Quentin Peel in Bonn

THE German government and opposition agreed yesterday to set up an all-party conference to negotiate a long-term energy policy, including a decision on the future of nuclear energy in power generation.

The deadline for agreement has been set for the end of the year, before the country faces a whole series of local, state and national elections in 1994.

However, there remain widespread doubts in the nuclear industry over whether the political parties, ranging from the conservative Bavaria-based Christian Social Union to the anti-nuclear Greens, will be able to agree on any consensus.

Apart from the future of nuclear energy, the conference will be asked to propose a solution for the direct disposal or reprocessing of nuclear waste, on which the political parties are deeply divided.

That question is vital to the long-term future of Britain's Thorp nuclear waste reprocessing plant built by British Nuclear Fuels (BNFL) at Sellafield, with which the German utilities have a 10-year reprocessing contract.

The all-party talks, expanded to include representatives of the energy producers and consumers, trade unions and environmental groups, will also make recommendations on energy conservation, use of renewable energy, plans for the future use of fossil fuels, and for a common European energy policy.

Pressure for such an "energy consensus" has come from Germany's leading power utilities, including RWE, Veba and Bayernwerk, which have been demanding clarity from the government and opposition over the future of nuclear energy, which now provides about 34 per cent of Germany's electricity supply.

Mr Klaus Töpfer, environment minister, announced agreement on the agenda and political participation in the talks yesterday. The first meeting will be held on March 19 and 20.

The inner negotiations will contain 16 members – eight from the ruling government coalition, and eight from the opposition SPD and Greens. A further 12 participants will make up an "energy consensus working group" from the industrial and environmental organisations concerned.

All parties except the Greens agree the first 10-year contract with BNFL must be completed – it contains swingeing penalty clauses for cancellation.

Tensions hinder oil deal with Russia

By Chrystia Freeland in Surgut and John Lloyd in Moscow

A Nato-style military structure could emerge from talks between former Soviet states on closer military integration, a common defence industry and a common draft, writes John Lloyd.

Six members of the Commonwealth of Independent States have agreed to closer integration, but differ on how an integrated military should be structured, Marshal Yevgeny Shaposhnikov, CIS forces commander, said yesterday. The six states are Russia and Armenia, with the four central Asian states of Kazakhstan, Uzbekistan, Tajikistan and Kyrgyzstan.

REPRESENTATIVES from all of the former Soviet republics yesterday began a two-day meeting in the western Siberian oil city of Surgut, in an effort to revive Russia's collapsing oil industry through co-operation.

However, the increasingly tough line being taken by Russia and Ukraine, the two most powerful republics, could make a lasting deal elusive.

Further evidence of tension between the two emerged yesterday, with Ukraine rejecting the call by Mr Boris Yeltsin, the Russian president, for Russia to be given a free hand by the international community, especially the United Nations, to "guarantee peace and stability" throughout the former territory of the Soviet Union.

Mr Mikola Mikhailchenko, chief political adviser to Mr Leonid Kravchuk, Ukraine's president, said: "Ukraine will never recognise that Ukrainian territory is a sphere of special Russian interest . . . we want relations of equality."

In addition, Mr Leonid Kuchma, the Ukrainian premier, accused Russia of imposing an economic blockade on Ukraine. He saw no alternative but to shift trade between the neighbours to world prices.

"No matter how much we try to negotiate with Russia over prices, we have realised that we cannot escape world prices. But we, in turn, will insist on world prices," the prime minister said.

Ukraine has threatened to charge transit fees at international rates for exporting the Russian gas which goes through Ukraine's pipelines. This amounts to 93 per cent of Russia's total foreign sales.

This was in response to Russia's threat to cut off all gas supplies over Ukraine's gas debt to Russia. Moscow told Ukraine earlier this year that it would charge world prices for gas from February 1.

By contrast, republics such as Belarus and Kazakhstan, which have retained close political links with Russia, appear confident in restoring economic ties as well. However, political rebels such as Georgia said they were in the same position as Ukraine.

"We must speak of an economic blockade," said Mr Tengiz Sigua, the Georgian premier. "Russia is not supplying us with anything at all."

The comments of the leaders of the former Soviet states appear to indicate that Russia, in the grip of continuing economic crisis, is now determined overtly to reward its friends and punish those with which it has strained relations.

Russia expects to produce between 340m-347m tonnes of oil this year, down from 395m tonnes in 1992. The Surgut meeting represents an effort to re-establish these links in the oil and gas sector by creating a "mini-Opec" to co-ordinate investment and production.

Mr Yuri Shafranik, Russian fuel and energy minister, warned that unless the republics co-operated, oil production might be insufficient by 1995 to meet even Russia's own requirements. Mr Shafranik hoped the non-Russia republics would contribute up to Rbs700bn to the Siberian oil industry in exchange for a guaranteed supply of cheap fuel.

Further round of Bosnia talks open

By Michael Littlejohns, UN Correspondent in New York

A FURTHER round of Balkan peace talks opened at the United Nations yesterday, with UN and EC mediators due to hold separate meetings with the three main parties.

A spokesman for Mr Cyrus Vance and Lord Owen voiced optimism that all parties to the conflict would be brought together before the end of a "crucial" week.

Mr Radovan Karadzic, the Bosnian Serb leader who came to New York on Sunday ignoring the threat of a human rights lawsuit, was the first to call on the mediators.

Mr Mate Boban, the Bosnian Croats' leader, made an appointment and Bosnian president Alija Izetbegovic sent a message he was leaving Washington for New York and would be available for a meeting at the UN last night. UN officials were elated the talks were under way after more than three weeks, even if only on a restricted basis.

Mr Fred Eckhard, spokesman for the mediators, said they "continue to feel they have the three parties close to agreement, and with sufficient leverage applied by governments day to day, it could be wrapped up". If the parties left New York later this week without agreement it could be hard getting them together again.

British Foreign Secretary Douglas Hurd meeting King Juan Carlos yesterday during his visit to Madrid for talks on Gibraltar

Bonn accepts return of its toxic waste

GERMANY has agreed to re-import some 420 tonnes of toxic waste, including leaking barrels of chemicals, pesticides, paints and varnishes, illegally exported to Romania from both east and west Germany in recent years, writes Quentin Peel.

The plan follows a campaign by Greenpeace, the environmental action group, which threatened to bring the waste back to Bonn itself and dump it in the German capital.

The operation, which involves decanting the waste into new containers and shipping it back to Germany in a special goods train, will start this week, Mr Klaus Töpfer, the environment minister, announced yesterday.

It will cost DM3.3m ($1.98m) of taxpayers' money, the minister said. However he promised to pursue the illegal exporters to pay compensation.

The waste is dumped in and near the town of Sibiu, in central Romania, where many of the containers have corroded, or broken open in the frost, and started leaking their contents, according to Greenpeace.

Mr Töpfer yesterday praised the action group for its campaign, and promised that the waste would now be disposed of inside Germany. He said that most of it came from the former East Germany, mainly from the Bitterfeld chemical industry complex in Saxony-Anhalt, but some also came from western enterprises.

Fabius call to stem the 'tidal wave'

THE campaign for France's two rounds of parliamentary elections on March 21 and 28 officially opened yesterday, with more than 5,000 candidates contesting 577 seats, reflecting the rise of fringe parties and incomplete electoral pacts between certain mainstream parties, writes David Buchan in Paris.

Seeking to minimise impending defeat, Mr Laurent Fabius, leader of the ruling Socialists, said it was high time for the left to "wake up" and for the Socialists and environmentalists to get together to stem the "tidal wave" forecast for the centre-right opposition.

A CSA poll published yesterday predicted that the RPR-UDF opposition parties would get 38.5 per cent of the popular vote, translating into 424-436 seats out of the total of 555 for mainland France. It put support for the Socialists and their minor allies at 20 per cent, giving them 91-98 seats, and backing for the two environmentalist parties at 17 per cent, translating into only 2-8 seats.

Keen to avoid complacency among his supporters as much after as before the election, Mr Jacques Chirac, leader of the Gaullist RPR party, warned "an unprecedented effort" would be needed after the March poll to put the economy to rights. The number of jobless, which stands just short of 3m, or 10.5 per cent of the workforce, overshadows all other issues. Mr Chirac said he did not think those still in employment would agree to share jobs if they also had to share their salaries.

Special aid for certain hard-hit sectors and a general reduction in social charges paid by companies was a better way, he argued, to pull the economy out of its decline. National output fell 0.5 per cent in the last three months of 1992, and Mr Pierre Bérégovoy, the prime minister, admitted yesterday that the economy had "got off to a bad start in the first quarter" of this year.

But left and right are united in their criticism of the UK government for "social dumping" and of the EC's draft farm accord with the US.

Hoechst is accused over chemical spray

HOECHST, one of the three giant German chemical companies, has been accused of reacting too slowly after it sprayed about 10 tonnes of chemicals – some potentially toxic – over a Frankfurt suburb, writes Clive Cookson in Frankfurt.

Hoechst insists there is no danger to residents from exposure they have received. Company officials say the direct costs of the accident, which happened a week ago, will be at least DM10m ($6.14m) and perhaps several times more.

At least 10 different chemicals were discharged in the accident at its Griesheim plant, the company said yesterday after analysing soil samples. Some of the chemicals are potentially toxic or caustic. They include two tonnes of ortho-nitroanisole, a smelly, yellow chemical used to make dyes, which the company says is "potentially carcinogenic."

State government officials say Hoechst responded too slowly to the accident and failed to disclose details on what the chemicals are and their potential toxicity.

EBRD makes a slow start

By Richard Waters

THE European Bank for Reconstruction and Development, set up two years ago to promote economic development in eastern Europe, ploughed only Ecu200m ($238m) into the region during 1992, though the bank's lending is expected to increase sharply this year.

Agreement was reached during 1992 to invest Ecu1.2bn in projects in eastern Europe, and commitments of a further Ecu2.6bn are expected this year, the EBRD revealed as it announced its annual results.

The slower disbursement of cash reflected the length of time taken to implement projects, said Mr Anders Ljungh, vice president for finance.

Commitments made so far show a bias towards economically and politically more stable states such as Poland and Hungary, and a slow development of projects in the former Soviet Union.

Poland and Hungary account for 44 of the 71 projects approved by the EBRD so far. The Russian Federation, by comparison, accounts for just eight, with less capital committed than to Romania and the Czech and Slovak republics.

"We've done less than we should [in the former Soviet Union], particularly as it accounts for over half of our operations," said Mr Ljungh.

A number of large projects are currently under discussion in the former Soviet Union, including energy projects requiring capital of $5.5bn in all.

The bank has been presented with "fewer good projects than we would have liked", said Mr Ljungh, adding that it had the financial resources to take on more projects.

The bank's first annual results show that it made a net Ecn98m from investing its large cash resources.

EC urged to bring car taxes into line

THE European Commission should take "political action" to harmonise car taxes in EC member states, according to European carmakers, writes Andrew Hill in Brussels.

ACEA, the European automobile manufacturers' association, says wide disparities in car tax "constitute the single most important cause of car price differences in the EC, maintaining low pre-tax levels in high taxation countries".

An ACEA study of car taxes across Europe reveals that the overall level of tax on an average 2-litre car in the EC varies from 15 per cent in Luxembourg and Germany to 213 per cent in Denmark. "Apart from being contrary to the philosophy of the single market, these discrepancies obviously cause distortion in the cross-border movement of new motor vehicles," ACEA says.

EC legislation has set minimum levels of value added tax across the Community, and cut higher VAT rates, but it has not affected additional sales and registration taxes in some member states.

German with plan for EC glasnost

By Lionel Barber in Brussels

LIKE Theodore Roosevelt, the reformist US president at the turn of the 20th century, Mr Dieter Wolf speaks softly but carries a big stick.

After six months in office, Mr Wolf, the new president of the Federal Cartel Office, Germany's anti-trust authority, has started to spell out his views on the future of EC competition policy. His thoughts may disappoint those in Brussels who saw the 1990s as a decade of expansion of EC powers at the expense of member states.

Speaking in his office in Berlin, Mr Wolf makes clear that Germany's attitude to EC competition policy mirrors the Bonn government's views on the evolution of the EC as a whole. There is, he argues, a need for more openness in decision-making, more accountability and, in some cases, more devolution of power to member states.

The European Commission is nearing the end of a wide-ranging review of its September 1990 merger rules. Already Germany, along with the UK and France, have indicated that they will resist moves to lower the turnover thresholds above which the EC's competition watchdogs automatically investigate deals affecting the EC market.

EC officials said yesterday the Commission remained "neutral", but Mr Wolf says lowering the current threshold of Ecu5bn (£4.13bn) is premature. He is pushing for other reforms, mainly clarity on how and why decisions in Brussels are made, noting that the Commission is not obliged to set out in writing the reasons for competition decisions. True, the Commission does produce a short summary, but in nowhere near the detail of the UK's Monopolies and Mergers Commission.

He says: "Inevitably there is some political colouring because of the need to have a majority in the Commission. Inevitably, there is the suspicion of a fix."

Because Germany's competition credentials are stronger than most in the EC, Mr Wolf jokes about a two- or three-speed Europe, with Germany, Denmark, the Netherlands and the UK in the fast lane.

Thus, it is also premature to talk up the prospects of a new EC-wide competition authority independent of the Commission: "It won't probably happen before the end of the century."

Harmonising the varying competition laws among member states could take even longer, even if this means a delay in a true single market.

Instead, Mr Wolf would like greater clarity in procedures for vetting cartels and abuse of a dominant market position, under Articles 85 and 86 of the Treaty of Rome.

At present, he estimates some 200 cases are outstanding in Brussels, and the number is expected to rise because of the single market.

Wolf: Urges Brussels openness

Collapse of bribery edifice traps corporate Italy

As more construction company executives are caught in the investigation net, **Robert Graham** examines the impact

A QUICK glance down the list of businessmen involved in Italy's ever expanding corruption scandal reveals a common thread: almost without exception they are connected with the construction business.

This has been underscored by the latest batch of arrests that include Mr Giampiero Pesenti, the Italian cement baron, and Mr Francesco Paolo Mattioli, chief financial officer of Fiat, in his capacity as president of the group's civil engineering arm, Cogefar-Impresit.

At least nine of the leading 15 construction groups in Italy are involved in the inquiries relating to illicit funding of political parties. Apart from Cogefar-Impresit, the country's largest private group, these include Ferruzzi's Calcestruzzi, Mr Salvatore Ligresti'a Grassetto, and the family groups Lodigiani and Belelli.

Arrested: Francesco Mattioli, chief financial officer at Fiat

Nor is it a coincidence that Mr Giovanni Prandini, a former Christian Democrat minister of public works, has been caught in the corruption investigations. Tendering for public works contracts, worth more than L30,000bn (£13.7bn) a year, lies at the heart of the magistrates' countrywide investigations. The politicians have allegedly been taking kick-backs in return either for rigged contract bids or providing favoured treatment to the bidding consortia.

But as more executives and owners are caught in the magistrates' investigative net, the impact is increasingly being felt on company decision-making processes, their balance sheets, and company reputations. "We are particularly concerned about the impact this will have on the reputation of Italian contractors abroad," commented a spokesman for Ance, the Italian construction association.

In the case of state-run entities where managemant has been arrested or placed under investigation, the decision-making process has been especially slowed. At Anas, the state roads authority which accounts for 10 per cent of the annual valua of public works contracts, the entire board has been decapitated by a corruption investigation. Another victim of closer judicial scrutiny is tha prospective L30,000bn worth of contracts in prospect for the development of a high-speed rail network which was to be the mainstay for the contractors in the mid-1990s.

But the main worry of company owners is the paralysis in public administration caused by the scandals. According to one building company proprietor: "No decisions are being taken: everyone – from tba local councils, through to the regional councils and ministries – is terrified of putting their signature to a document for fear of being accused of corruption."

If it is not a case of bureaucrats being afraid, public works contracts are being delayed because of the collapse of city administrations. Currently Italy's four main cities – Milan, Naples, Rome and Turin – have no councils due to the scandals.

Mr Francesco Merloni, the public works minister, readily admits that be himself has blocked a large number of contracts, especially road works, because the ministry he inherited eight months ago bad awarded so many contracts by private tender. Almost two-thirds of all public works contracts, including those in transport, during the 1980s were awarded by private tender or by methods which ignored established guidelines, according to a recent report by Censis, the research institute.

The minister has few illusions about the extent to which the contracting business was subject to abuse. Bidding was uncompetitive; cartels among different contractors were common, and contracts were frequantly awarded to shell companies. It was also difficult for the government to keep tabs on the companies. Soma 15,000 had the formal qualifications to bid for contracts and 12,000 public bodies could award construction contracts.

Officials estimate that the real value of contracts was inflated by *at least* 15 per cent to accommodate "commissions" and an extra profits. Another tactic was to halt work in mid-contract to renegotiate the price. These practices help to explain why Italy spends 4 par cent of GDP – close to the EC average – on infrastructure yet bas snch poor comparative networks of modern roads, railways, urban transit systems and ports.

The paralysis in bureaucratic procedures affects not only public works contracts. Ance maintains the civil service's fear of being investigated for corruption is also holding up private sector activity which accounts for 52 per cent of the construction business.

The problams arising from corruption scandals are compounded for the construction business by the state of the economy. The economy moved into recession in tha second half of 1992 and some 100,000 jobs were lost. Since last July the government of Mr Giuliano Amato cnt back on pnbic spending to hold down the public sector deficit. In the last half of 1992, the value of pnblic works contracts put out to tender dropped 27 per cent in real terms compared with the same period the previous year. The 1993 budget has cut out L11,200bn of expenditure, a rednction of almost 30 per cent.

The drop in spending has been accompanied by a corresponding rise in unpaid contracting debts.

Contractors are currently owed a staggering L11,000bn which is being covered by short-term finance at punitive rates of 20 per cent. One positive development of the scandals has been the drafting of a new law governing tendars, subjecting them to greater transparency and scrutiny. Mr Merloni also believes Italy will in future be in a better position to comply with EC regulations on tenders and bidding. This in turn should guarantee greater competitiveness, both between domestic companies and outsiders.

Increased competition, combined with the bleak economic climate, is expected to encourage more mergers and force many small operators to disappear. The problems produced by the corruption scandal are also obliging conglomerates like Fiat or Ferruzzi to question whether thay need to maintain a presence in the construction business.

Fiat's Cogefar-Impresit is the largest private construction group, itself the product of a series of mergers, but it is not central to the core business of the automotive sector.

Mr Silvio Berlusconi, the media magnata, recently claimed he had pulled out of the construction business more than a decade ago because it was too wrapped up with politics at all levels.

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Congress urged to act quickly on pilot scheme

Clinton moves on community service

By George Graham in Washington

PRESIDENT Bill Clinton yesterday unveiled a pilot scheme he hopes to develop into a far-reaching national service programme with the impact of the GI bill in the 1950s or the Peace Corps in the 1960s.

Mr Clinton asked Congress to act quickly on a summer initiative designed to create a core group of about 1,000 leaders to spur community service programmes around the country.

The pilot programme is intended to develop into a broader scheme to provide loans for university education, to be paid off by community service, which the president hopes will involve 100,000 people by 1997. He proposes that participating graduates would undertake either one or two years of direct community service, or repay the loans as a percentage of the graduate's subsequent income.

The president's promise that "in a Clinton administration everyone will be able to get a college loan as long as they're willing to give something back to their country in return" was one of his most productive themes during last year's presidential campaign.

With tuition costs at US universities rising by an average of more than 10 per cent a year throughout the 1980s, the cost of higher education has become a particularly daunting prospect for the middle-income families that Mr Clinton targeted during the campaign.

Budget realities, however, have forced the new president to scale back some of his ideas. The programme is now budgeted at $98m (£69m) next year, climbing to $3.4bn in 1998, as part of a broader "lifelong learning" spending package totalling $37.8bn in 1994-97, compared with $63.2bn spent over four years in Mr Clinton's campaign manifesto.

The president said in an article in the New York Times on Sunday that his national service programme would concentrate on providing young people to work in schools, immunisation clinics, police forces and environmental projects.

He argued, however, that the programme could have a wider impact on a whole generation, as the Peace Corps created by President John Kennedy had for his own generation.

"At its peak, the Peace Corps enrolled only 16,000 volunteers yet it changed the way a generation of Americans look at themselves and the world," Mr Clinton wrote.

He was also due to present his national service scheme last night on a special programme on MTV, the music video channel which last year became the favourite means of targeting younger voters for both Mr Clinton and his opponent, former President George Bush.

President's grumbling strikes a chord

Brazilians love it, but the business community and economists are wincing, reports **Christina Lamb**

PRESIDENT Itamar Franco has Brazil's business community and economists apoplectic, but his support among the public in general continues at levels that most government leaders can only envy. When Mr Franco visited the historic town of Olinda last week to watch the carnival celebrations he received standing ovations. The latest polls show popularity ratings of 75 per cent.

Mr Franco seems to have struck a chord among the Brazilian people, who feel long abused by profit-hungry businessmen and ministers with high-faluting economic theories that have caused a three-year recession, soaring unemployment and public debt, with no visible results in terms of reducing inflation.

For many, his down-to-earth honesty and daily gripes have come as a welcome change from the slick talk and glamorous ways of his predecessor Mr Fernando Collor, who was accused of lining his pockets while talking austerity, resulting in his impeachment.

Mr Franco, whose thick glasses give him a permanently bemused air, spends his spare time taking his ministers to the circus or watching children's movies like Home Alone 2. He apparently sees no contradiction in wanting low interest rates, low inflation, higher wages and increased public spending and believes that removing three zeroes from the cruzeiro – now 22,800 to the dollar – would weaken it.

What traders have called "the Itamar effect" – off-the-cuff comments on the economy which send the markets plummeting – made its first appearance on the day he took office. Mr Franco said he did not care what the markets in Brazil or the bankers in London and New York thought, and that if foreign bankers wanted to negotiate with Brazil they should learn Portuguese.

He woke his first economy minister up early in the morning, furious that an increase in fuel prices had been authorised without his knowledge, and told the press he would take charge of all tariff increases – a situation that drove the head of Petrobras, the state oil company, to resign and pushed the company into red.

Discovering that the price of his mouth ulcer cream had gone up, he declared war on the pharmaceutical companies with a series of punitive measures scaring off any potential foreign investment.

Criticising the price of cars, he offered incentives to the manufacturers to relaunch the VW Beetle, causing dismay among richer Brazilians eager for the country to start producing up-to-date models. A staunch defender of the state, he suspended the privatisation programme and talked about renaming the currency the cruzeiro forte – "strong cruzeiro" – as if a simple change in nomenclature could solve all Brazil's problems.

Each day a new comment has economists groaning. One trader said: "Each morning I take a deep breath before I look at the headlines to see the latest from Itamar. He acts as if he is opposition rather than president."

Most damaging of all have been his open attacks on his economy ministers. Mr Gustavo Krause, the first, quit in December after being subject to a series of criticisms from the president.

It is not clear how far Mr Franco's strategy is deliberate. Mr Pedro Motta Veiga, director of the Rio-based Foreign Trade Foundation, says: "I think Itamar is just as much a marketing man as Collor."

The marketing seems to work. Around the news-stands of Brazilian cities can generally be found clusters of ordinary people murmuring in agreement with the president's latest complaints, as if he himself bore no responsibility for the country's problems.

But it is not clear how much longer Mr Franco's honeymoon with the public will last. Yesterday the main Brazilian papers were preparing angry editorials over the departure of Mr Paulo Haddad from the Economy Ministry. His replacement, Mr Eliseu Rezende, may not allow himself to be made the scapegoat for inflation in the same way as his two predecessors.

Key index hints at slower US growth

By Michael Prowse in Washington

A SLEW of figures yesterday pointed to a steady expansion of the US economy but probably at a slower pace than the 4.1 per cent annual rate of growth registered in the second half of last year.

The purchasing managers' index – a closely watched barometer of conditions in manufacturing industry – fell to 55.8 per cent last month from 58.0 in January. The dip mainly reflected a slower rate of growth of new orders, which had soared to a nine-year high in January.

However, the index remained well above the 50 per cent level which is the threshold for growth of the manufacturing sector.

Mr Robert Bretz, a spokesman for purchasing managers, brushed off the dip in the index. He noted several encouraging signs, including the second highest reading in five years of the association's production index.

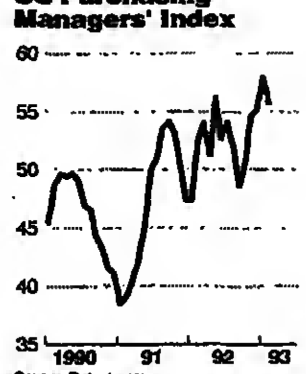
The Commerce Department said personal incomes grew 0.5 per cent between December and January following a 1 per cent increase in the previous month. Personal consumption spending rose 0.3 per cent against a 0.8 per cent increase in December. After allowing for inflation, however, real consumer spending fell 0.1 per cent in January, a reaction to pre-Christmas spending.

However, officials said December incomes had been boosted by the bringing forward of bonus payments in the securities industry, farm subsidies and social security benefit payments. Excluding special factors, incomes grew by only 0.3 per cent in December, less than in January.

The department also reported a 1.3 per cent decline in construction spending between December and January, the first drop in five months.

Separately the National Association of Realtors reported that sales of existing homes fell 6.4 per cent between December and January, after seasonal adjustment, against a revised 4.7 per cent gain in the previous month. However, on an annual comparison sales were up nearly 15 per cent in January.

US Purchasing Managers' Index



Source: Datastream

New York Police Commissioner Raymond Kelly in front of the World Trade Centre towers, hit by a bomb last week that left five dead. Police officers have found traces of nitrate, an ingredient in dynamite, at the blast site but investigation is being hampered by the instability of the twisted rubble beneath the towers. However, authorities say they have a number of leads.

Insurers brace for New York bomb damage claims

By Richard Lapper

INSURERS could face claims of many hundreds of millions of dollars as a result of the weekend's bomb damage at the World Trade Centre in New York City. However, with considerable uncertainty over the circumstances of the claim, it is likely to be weeks before the industry provides an estimate of the loss.

"We already know this is going to exceed the definition of a catastrophe, there is no question about that," Mr Ronald Krauss of the American Insurance Association said yesterday.

It is going to be "a loss running into billions of dollars", said one London broker.

The New York Port Authority, which owns and operates the centre, has a complex series of insurance policies covering both property and liability claims.

Assuming that these are valid in the case of a terrorist attack – which could not be verified last night – claims will be substantial. Insurance analysts described the closure of the towers as a "catastrophe" for the insurance industry.

On the Port Authority programme, US insurers will meet most claims up to $400m. The troubled Lloyd's of London insurance market has a limited exposure to any potential claims through a reinsurance arrangement covering some $200m of losses above $400m for all property damage and similar amount of losses arising from liability claims.

Brokers CE Heath placed both reinsurance programmes into the London market.

Claims could also come from the building's tenants, which make their own separate insurance arrangements to cover risks to property, business interruption and liabilities.

Insurers believe that claims arising from damage to the building's fabric and interruption to business alone will be substantial. In the UK insurers have paid £800m in property and business interruption claims following the bomb attack on the Commercial Union building in the City last April.

In New York the threat of legal action – both from the wounded and relatives of the five people killed in the attack, as well as potentially from commercial interests – can be expected to increase the scale of the claim.

Many of those caught up in the bombing might lodge claims to compensate for stress, which would leave insurers with additional claims on workers' compensation and other policies.

"This is one of the most litigious cities in the world. It is a can of worms," commented one London broker.

Growth in industrialised countries seen as vital

Caribbean economic hopes rest with trading partners

By Canute James in Kingston

CARIBBEAN countries can expect to improve on last year's sluggish economic performance only if there is significant growth in the industrialised countries, particularly in North America and Europe, according to the Caribbean Development Bank.

In a review, the Barbados-based bank said the medium-term prospects were also clouded by fears among the region's producers and exporters about the impact of new trade blocs and the reduction of import tariffs by several countries.

The bank said the weak economic performance of most of its borrowing members last year "reflected prolonged recession in their major trading partners and tight fiscal and monetary policies as many countries sought to protect the balance of payments contracting aggregate demand".

The CDB, which has resources of $800m (£563m), provides project loans for its 17 borrowing members. Its main contributors are the US, Canada, Britain, France and Germany.

The bank reported that while some economies, such as Barbados and Dominica, contracted last year, Guyana and Belize each grew by about 7 per cent. Guyana's economy was buoyed by improved performance in all sectors except bauxite, while there was expansion in agricultural output in Belize.

Other countries recorded growth below 4 per cent, the report said, with Jamaica's performance aided by stabilisation of interest rates and the slackening of inflation. Trinidad and Tobago suffered from a weak balance of payments.

"The generally weak regional performance has contributed to mounting unemployment, with several of the larger borrowing members reporting rates in excess of 20 per cent."

Tourism, increasingly important to many Caribbean economies, grew by 2 per cent last year, with a decline in the North American market being compensated for by an increase in the flow of visitors from Europe. The fall in volume from North America was caused mainly by recession in the US and Canadian economies, the bank said.

Favourable weather last year contributed to an increase in banana exports to Britain, the CDB reported. But it warned that despite the European Community's agreement on a new marketing arrangement to be implemented in July, "the future of this industry in the region appears relatively uncertain".

The region's sugar producers improved last year – with the exception of Barbados – with output growing by 38 per cent in Guyana.

The bank reported, however, that the industry was adversely affected by a reduction in US import quotas.

Recession in the region's key markets dampened manufacturing output, while a weak aluminium market depressed demand for bauxite produced in Jamaica and Guyana. Falling oil prices and reduced production cut Trinidad and Tobago's earnings from its petroleum sector.

Cocaine suspect surrenders

THE man considered by police to be the financial brains behind the Medellín cocaine cartel has surrendered to authorities, the attorney general's office said yesterday, AP reports from Bogotá.

Mr Jose Fernando Posada, 38, turned himself over to representatives of the Medellín prosecutors' office waiting outside a cinema on Sunday night. He was taken to a maximum security prison outside Medellín where 17 other cartel members are being held.

Mr Posada was the fourth leading cartel member to surrender in recent weeks under a government offer of leniency. Authorities say the surrenders are weakening the organisation led by fugitive drug lord Mr Pablo Escobar.

Meanwhile, a wealthy Medellín businessman who is reported to have links to Mr Escobar was kidnapped yesterday, police said. Mr Luis Guillermo Londono White was abducted from his home by about 15 gunmen.

The abduction came 48 hours after an attack on the home of his brother, Mr Diego Londono White, an architect who has said he once worked for Mr Escobar.

Mr Diego Londono White told Medellín television that the gunmen were members of People Persecuted by Pablo Escobar, a secretive group that has pledged to kill Mr Escobar.

● Reuter adds: Colombian authorities seized nearly $5.9m in more than 890 domestic bank accounts and arrested 250 people during a 15-month crackdown on drug traffickers' money-laundering networks, the Colprensa news service said on Sunday.

Quoting police, Colprensa said Colombian authorities and Interpol uncovered the main networks used by the Cali and Medellín drug cartels in a 15-month investigation.

It said the cartels moved their money through fictitious export and import companies and money exchange houses.

Chamorro draws fire over Sandinistas link

NICARAGUA'S President Violeta Chamorro is facing mounting protests against her government's links with the leftist Sandinistas, her predecessors in office, Reuter reports from Managua.

On Sunday about 30,000 protesters packed Managua's main plaza, many shouting "Out! Out! Out!" at the mention of the president's name. The crowds arrived by bus from the west of the country and from marches held in the capital.

The speakers, cheered on by the crowd, accused Mrs Chamorro of betraying promises from the 1990 campaign, when she headed the 14 parties that formed the National Opposition Union to defeat the Sandinistas.

No incidents were reported at the rally, organised by right-wing politicians from the same coalition that elected Mrs Chamorro three years ago, but one leader threatened to call for widespread civil disobedience against the government.

A series of speakers urged Mrs Chamorro to dismiss her chief aide, Mr Antonio Lacayo, and General Humberto Ortega, the Sandinista who stayed on as chief of the defence forces.

A virulent attack on Mr Ortega by US Senator Jesse Helms was read out at the demonstration.

Mr Helms, a North Carolina Republican, has helped delay US aid to Nicaragua on the grounds that the Sandinistas wield too much power. The Sandinistas won 42 per cent of the vote in the 1990 elections.

Mrs Chamorro has rolled back much of the Sandinistas' revolutionary programme, established a largely free-market economy and widened the bounds for political dissent.

Campbell sets pace in Canada succession race

Bernard Simon on the forceful defence minister widely tipped to replace Brian Mulroney as prime minister later this year

IT HAS taken less than two months for Ms Kim Campbell to make her mark as Canada's defence minister. Foreign diplomats have already detected a more forceful articulation of defence policy, ranging from a blunt affirmation of Ottawa's contentious order for 50 European-built helicopters, to the deployment of Canadian troops on a risky new mission in Bosnia-Hercegovina.

The diplomats have also noticed that, since Ms Campbell took over the portfolio in January, statements which used to be made by the chief of defence staff now come from the minister's office.

Such evidence of decisiveness and ambition help explain why Ms Campbell – whose real first name is Avril – has quickly emerged as the front-runner to succeed Mr Brian Mulroney as Canada's 19th prime minister.

Mr Mulroney announced his resignation last week but, as is normal in Canada, will remain in office until his party holds a convention to choose a new leader. The convention will probably be held in June, giving the new leader no more than five months to prepare for the general election, which must be called by November.

No one has yet stepped forward as an official candidate. For the moment all those who may be in the running are taking the lie of the land, putting together alliances and organisations, and scraping together the substantial funds required for a leadership campaign.

Besides Ms Campbell, the candidates are expected to include Mr Perrin Beatty, communications minister, and Mr Jean Charest, who holds the environment portfolio. Mr Michael Wilson, the veteran trade minister, may also throw his hat into the ring.

Each of these men appears, however, to have a weak spot.

Mr Beatty, who is in his early 40s, has been in parliament for 21 years but is widely regarded as lacking substance. Mr Charest, 34, is bright, personable and bilingual. But convention delegates, many of them from western Canada, are unlikely to favour one Quebecker handing over the leadership to another. Mr Charest will probably emerge from the convention as a man to watch in the future.

Mr Wilson's seniority is offset by his plodding manner, his poor French and his identification with the most unpopular policies of the Mulroney era, such as free trade and the goods and services sales tax.

Early opinion polls indicate that, of all the prospective candidates, Ms Campbell has the best chance of narrowing the gap which has opened between the Conservatives and the opposition Liberals.

Before last week, the Liberals could count on the backing of about 45 per cent of decided voters, against less than 19 per cent for the Conservatives. But according to a Gallup poll taken shortly after Mr Mulroney's announcement, the two parties would be almost neck-and-neck with Ms Campbell at the helm. Mr Wilson was the second most popular choice.

Ms Campbell, who turns 46 next week, has the rare combination in Canadian politics of being a woman from British Columbia who speaks fluent French. She gained a reputation during three years as justice minister as an intelligent, ambitious and forthright politician with a knack for pushing legislation through parliament. "She knows what she wants, but she's able to work in a team and to convince people that she has the right solution," says Mrs Paule Gauthier, president of the Canadian Bar Association.

The UK government will have an opportunity to size up Ms Campbell when she visits London later this month for talks with Mr Malcolm Rifkind, her British counterpart.

Political observers say Ms Campbell's biggest handicap is an intellectual aloofness. She studied Soviet government at the London School of Economics (and speaks passable Russian), lectured in political science at the University of British Columbia and, in her mid-30s, qualified as a lawyer. Her hobbies include painting and playing the cello.

Opinions are divided on whether Ms Campbell can repeat Mr Mulroney's success in persuading Quebeckers to vote Conservative; she is not well known in the francophone province. The Tories have yet to cement the Quebec political organisation crucial to victories in 1984 and 1988.

One favourite convention scenario is that Ms Campbell will emerge as the winner, but with a Quebec "lieutenant" at her side, perhaps Mr Charest or Mr Benoit Bouchard, the popular health and welfare minister. But with three months to go before delegates gather, no firm bets are being placed.

Kim Campbell: 'Knows what she wants'

House starts in Japan slow down

By Charles Leadbeater in Tokyo

JAPANESE housing starts, which have been one of the few bright spots in an increasingly bleak economic landscape, may be slowing down, the country's construction ministry reported yesterday.

The ministry said housing starts appeared to be entering a slowdown phase after their strong growth in the second half of last year, with a 0.9 per cent rise in January compared with the same month last year.

The slowdown is likely to add to pressure for the government to include tax credits on housing in a special package to stimulate the economy.

The package is expected to be announced soon after the original budget for 1993 passes through parliament later this month.

For the past few months the strong growth of housing starts has been one of the few straws in the wind that economic policymakers have pointed to as evidence that the economy may not be heading for outright recession.

The marginal rise in housing starts in January followed a 5.4 per cent rise in December. The construction ministry expects that housing starts for February will be below the level of last year, particularly because fewer houses for rent are being built.

Generally, however, the construction industry is starting to feel the full force of the sharp increase in public works spending under the Y10,700bn (£63bn) emergency spending programme announced last year. Orders received by the country's top 50 contractors in January were 7.6 per cent up on the year before, the first annual increase for nine months. The rise was due to a 60 per cent jump in public sector demand.

The financial authorities hope this public spending will gradually feed its way through into higher production in industries such as steel and chemicals, which will in turn stimulate investment.

Consumer spending is likely to remain severely depressed however. Household spending fell by 0.9 per cent in real terms in December, while new vehicle registrations last month were 7.9 per cent down on last year, according to the Japan Automobile Dealers' Association.

Isuzu Motor, which is pulling out of passenger car production, reported a 27 per cent drop in registrations.

Japanese companies' profits are likely to suffer a continuing squeeze, according to official figures published yesterday which show that unit labour costs rose by 8.5 per cent in the final quarter of last year and by 4.7 per cent in January.

Productivity was 7.5 per cent down in January on the year before.

Canada becomes an Australian issue

Mulroney's tax policy makes its mark on the election campaign, writes Kevin Brown

AUSTRALIA'S somewhat lacklustre federal election campaign came to life last week on the day that Mr Paul Keating, the prime minister, promised that a re-elected Labor government would review the future of the monarchy. But it was not Mr Keating's tepid republicanism which caught the public imagination.

Paradoxically, Australians were more interested in the resignation of Mr Brian Mulroney, Canada's Conservative prime minister, whose profile was previously rather lower than that of the Toronto Blue Jays baseball team.

Mr Mulroney was catapulted into the campaign because he is associated with the introduction of a goods and services tax (GST), the one issue which could prove capable of preventing the election of a conservative Liberal/National party government when Australians go to the polls on March 13.

Opinion polls suggest that Australian voters do not believe Labor's claims that rapid economic growth will soon reduce unemployment, which peaked in November at 11.4 per cent.

After a decade in power, Labor lacks credibility on economic issues, as illustrated by the cool response to Mr Keating's economic statement at the beginning of the campaign.

But many voters are also fearful of the opposition's tax proposals, raising hopes among Labor advisers that a well-thought-out negative campaign may yet enable the government to stave off defeat.

In line with this strategy, Mr Keating has dropped the statesmanlike style he adopted at the beginning of the campaign in

Australia's official interest rates are likely to be cut later this month following an unexpected improvement in the current account deficit and a rise in the value of the Australian dollar, Kevin Brown writes.

The Labor government and the conservative opposition parties both indicated that the stronger currency clears the way for a cut in rates, whatever the outcome of the federal election on March 13.

The Australian dollar closed just over one US cent higher at 70.27 cents after the government statistical agency said the current account deficit narrowed in January to A$489m (£232m), seasonally adjusted. The January figure was the lowest monthly deficit for five years.

The agency also issued revised monthly figures for the first six months of the 1992-93 financial year which suggested that the full-year deficit will be below the Treasury forecast of A$17bn.

The announcement sparked a bond market rally which cut the yield on the 10-year bond to 7.75 per cent from 7.98 per cent. The yield on three-month bills fell nine points to 5.4t per cent.

The last easing of monetary policy was in July, when the official cash rate was reduced by 75 basis points to 5.75 per cent.

favour a brawling onslaught on the proposed GST, which he describes as "a monster".

"This is not some small tax on the edge. The result will be that the Australian lifestyle as we know it will change forever," he warned in a rowdy television debate with Mr John Hewson, the conservative leader.

Against this background, the upheaval in Ottawa was a heaven-sent opportunity for Labor, which Mr Keating boldly exploited by asserting that Mr Mulroney had been forced to quit by public anger about Canada's GST.

His explanation ignored the strains imposed on Canada by recession, high unemployment, the North American Free Trade Agreement and Mr Mulroney's failure to resolve Canada's constitutional problems.

It was also challenged by commentators with knowledge of Canada, who pointed out that the conservative proposal forms part of a wide-ranging package of tax reforms which make comparisons difficult.

Nevertheless, the anecdotal evidence of letters to newspapers and radio talkback programmes suggests that the Mulroney factor has contributed to a significant improvement in Labor support.

The latest batch of opinion polls, published yesterday, put Labor only 1-7 percentage points behind the conservatives, compared with 6-12 points a week earlier.

The apparent success of Labor's anti-GST campaign presents a dilemma for Mr Hewson, who has tried to make unemployment the main issue, but has been unable to persuade voters that Australia's economic problems can be solved by imposing a new tax.

The coalition's fight-back policy platform claims that a 15 per cent GST would stimulate exports and help reduce Australia's long-term dependence on foreign capital by encouraging domestic saving.

It also claims that most voters would be better off because the GST would be offset by personal tax cuts and the abolition of seven indirect taxes, including payroll tax, wholesale sales tax and petroleum excise tax.

But Mr Hewson knows that while a few thousand voters will read the platform, many more may respond to Mr Keating's simpler warning that the GST will increase the price of everything except basic foods by 15 per cent.

The result is likely to be a messy exchange of slogans in the last two weeks of the campaign as the government tries to exploit its advantage on the public relations battlefield where the election will be decided.

Tough campaigning comes naturally to Mr Keating, a master of the pithy phrase, whose insulting labels for Mr Hewson include "Dr Doom" and "Gordon Gekko" the fictional Hollywood businessman whose creed was "Greed is Good".

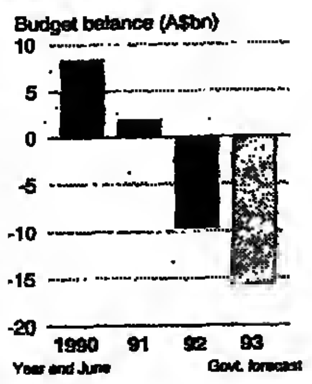
Mr Hewson attempted to win back the initiative yesterday with an attack on Labor's "secret taxes", such as the variable rate sales tax which is added to the retail price of most consumer products.

He also showed that he is prepared to step up his own rhetoric in an attempt to put the prime minister on the defensive in the last phase of the campaign.

"He has got no plan, he has got no answers, all he has got left is a negative scare campaign," Mr Hewson told supporters in Sydney.

Future for the banks, see International Company News

Keating: dropped his statesmanlike style



Suharto promises to relax 'iron grip'

By William Keeling in Jakarta

PRESIDENT Suharto of Indonesia yesterday opened the national assembly with a promise to relax the "iron grip" of government.

"We have been enjoying dynamic national stability for more than a quarter of a century. Such stability cannot be maintained by an iron hand, regardless of its strength," he told the People's Consultative Assembly.

Government critics, who say the assembly itself reflects the government's intolerance of democracy, greeted the speech with cynicism.

The 1,000-member assembly, which meets once every five years to elect president and vice-president and discuss state policy, is certain to elect the unopposed President Suharto for his sixth five-year term. General Try Sutrisno, who last month retired as head of the armed forces, is expected to be elected vice-president.

Although the assembly is the nation's highest body, it has never used its power to initiate legislation and remains, critics say, beholden to the president. Its membership consists of 500 members of the lower parliament – which is dominated by Golkar, the governing party, and representatives of the armed forces – and a further 500 people directly appointed by the government.

The government also dissuades the assembly from using its right to vote, arguing that agreement by consensus better reflects Indonesian values. Members have been told not to disrupt the meeting.

Government supporters, however, say the assembly's support of the government has been the bedrock for political stability and economic growth.

Algeria accused of torture

Torture has become widespread and human rights violations have increased dramatically since Algeria was placed under a state of emergency a year ago, Amnesty International said yesterday, Reuter reports from London .

The human rights organisation said thet since February 1992 more tban 9,000 suspected Islamic activists had been beld in internment camps in the desert without charge or trial; 1,000 were still held.

About 300 people have been killed by security forces. Amnesty said a significant number appeared to have been innocent bystanders deliberately killed.

Beijing quashes HK voting role

By Simon Holberton in Hong Kong

HONG KONG was yesterday giveo a glimpse of its future ruler's intentions when a senior Chinese official ruled out publicly a role for Hong Kong in determining arrangements for its t994 and t995 elections.

In so saying, Mr Lu Ping, director of the Hong Kong and Macao Affairs Office of the State Council (cabinet), made it plain that China's key concern with Governor Chris Patten's proposals for greater democracy was not only with their substance hut the thought that the Legislative Council, the colony's lawmaking body, might have a part in determining them.

In an impromptu but carefully scripted meeting with Hong Kong's media in Beijing, Mr Lu said Britain would have to guarantee that Hong Kong's Legislative Council go along with any Sino-British deal.

"If not, then you don't need to talk. What use is it?" be said.

Mr Lu, wbo hy most accounts is well informed on Hong Kong matters, must know tbat such a precondition to talks is one the British government and Mr Patten could not agree to and is, indeed, impossible to guarantee.

As Mr Douglas Hurd, Britain's foreign secretary, said in an interview published in Sunday's South China Morning Post: "The constitutional position is clear: tbe Legislative Council is responsihle for enacting the legislation for the 1994 and 1995 elections. We will stand hy LegCo's decision."

Mr Lu must also have known that Mr Hurd's position was firmly based in reality. In late 1991, LegCo threw out a deal that Britain and China had made on the Court of Final Appeal – the court which will become Hong Kong's highest appellate court after the colony reverts to Chinese sovereignty in 1997.

This issue still sits in limbo awaiting either renegotiation with China or a change of heart in LegCo.

Hong Kong has heen in thrall to daily reports of "talks about talks". They have dominated local newspapers ever since Chinese officials leaked the news that the two sides were discussing the possibility of dialogue three weeks ago.

The stock market has taken beart ever since. Yesterday the blue-chip Hang Seng index ended 46.83 points, or 0.74 per cent, higher at 6,398.82 – a whisker short of its all-time high of 6,447 in November.

But as the "talks about talks" drag on, China appears more and more to be manoeuvring. A month ago Mr Patten's Executive Council, his highest advisory body, signed off his proposed legialation without amandment. Only then did China hint that it might be prepared to accept Mr Patten's offer of talks made as far back as last October.

The past three weeks have heen difficult for Mr Patten and his governmant and have cast him on the horns of a dilemma. There is widespread snpport in the community for Sino-British dialogue and Mr Pattan does not want to be seen as the party who scuppered talks before they had a chance of starting. But the longer he delays the greater the risk he faces of losing the momentum that has huilt up behind his proposals and the support he has in the legislature and the community.

Last week, after his third delay in introducing the legislation into LegCo, an adviser said Mr Patten had to go "an extra mile" to show Britain's sincerity in offering talks. But after Mr Lu'a démarche yesterday, he may be advised that it was "a mile too far".

China to act on power stations

CHINA is ready to allow 100 per cent foreign ownership of power stations in an attempt to tackle energy shortages caused hy explosive economic growth, a senior government official said, Reuter reports from Hong Kong.

Mr Zhou Heliang of ths Ministry of Machinery and Electronics said China would need to invest at least Yuan 50bn (£6bn) at 1993 prices in power plants up to the year 2000.

Hong Kong companies have led the drive to huild np China'e power industry hnt have done so by forming joint ventures with local partners to build and run plants.

Bnt Mr Zhou, who is director of the ministry's Department of Major Project Equipment, said: "We welcome foreign businessmen to China to huild whnlly-owned power plants."

In Hong Kong recently, he said power shnrtages were especially severe in Shanghai, Beijing and Guangzhou. China's economy grew 12.8 per cent last year, over twice the original target. Internal funds were insufficient to hoost power outpnt.

"Premier Li Peng has said part of the market should be reserved for foreign husinessmen and they shonld ha allowed to make profits," Mr Zhon added.

But some analysts said foreign investors might well prefer to continne working in joint ventures hecause Chinese partners have the inflnenee needed to cut through red tape.

Mr Allan Ng, of S.G Warhurg Securities, said Chinese infrastructure projects could be profitabla. But foreign companies should not hypass tocal partners unless familiar with China.

Problems could arise if ntility tariffs did not rise quickly enough. "Setting up a whollyowned snbsidiary could be unfavourahte while the government regulates tariffs."

ARMS AND THE WOMEN: Members of Iran's main opposition group, the Mujahideen Khalq, in training. The Khalq plans to intensify its decade-old campaign to overthrow the regime in Tehran, and wants help from the Clinton administration

India plans more currency liberalisation soon

By Stefan Wagstyl in New Delhi and R C Murthy in Bombay

THE INDIAN government, which this week floated the rupee on foreign exchange markets, is planning further currency liberalisation "in the near future", Mr Manmohan Singh, the finance minister, said yesterday.

Mr Singh told a press conference he was considering ending restrictions on the amounts of foreign exchange Indians could take out of the country for travel and other purposes covered by the current account.

"We want to go for full current account convertihility in the near future," he said.

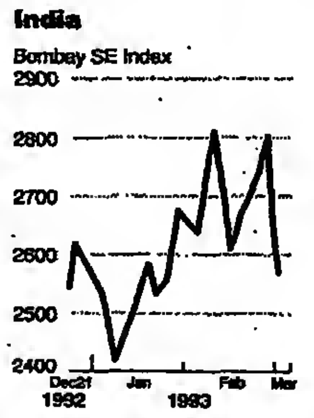
Mr Singh was commenting on the annual hudget, which he presented on Saturday and whicb contained wide-ranging economic reforms, including the liberalisation of the rupee for trade-related transactions.

This involves the abolition of a system of dual exchange rates – a free-market rate (last week about Rs3t to the US dollar) and an official rate (Rs26 to the dollar).

By abolishing dual rates, Mr Singh hopes to boost husiness for exporters, who can now exchange all revenues at market rates. However, the government will have to pay more for imports.

The exchange markets were closed yesterday to give bankers tima to coosider the changes. When dealings start today, Finance Ministry officials expect the rupee to settle close to last week's free market rate.

Some foreign exchange dealers believe there could be wild swings in early trading as dealers try to find a level for tha currency. However, tte Reserve Bank of India, tbe central hank, has the right to intervene in the market and its trading capacity is very large in comparison witb that of the commercial currency dealers. So it could dampen fluctuations it considered excessive.



Meanwhile, Indian stock prices dropped sharply yesterday, following a similarly precipitous decline on Saturday, as investors judged that the hudget fell short of their expectations.

The chief disappointment was the finance minister's failure to cut corporation tax or capital gains tax.

The Bomhay stock exchange's index of leading shares fell 8t.22 to 2,57t.18, after losing 160 on Saturday.

The decline reflects investors' belief that a cut in corporation tax would have been an immediate hoost to profits. Industrialists, mostly having a longer-term horizoo, have reacted much more positively to a hudget which has hrought big cuts in import duties and domestic sales taxes – moves which give scope for increasing margins.

After the hudget, the Finance Ministry must now prepare for negotiations this month with the International Monetary Fund for a loan to help tide India over any unexpected balance-of-payments problems.

The IMF, which is monitoring India's reforms, has supported the country so far with a stand-hy credit which expires at the end of the current financial year this month. For next year, India hopes to negotiate exceptional financing of about $2.5bn (£1.76bn).

The 1993-94 hudget includes measures welcome to the IMF, such as customs duty cuts, a reduction in the fiscal deficit and financial aector reforms. But Mr Singh has not gone as far as the IMF would wish. The government's target for the fiscal deficit is 4.5 per cent of GDP, whereas tbe IMF would lika it to be under 4 per cent.

Mr Singh made clear yesterday he had gone as far with liberalisation as political considerations allowed. "The world has to accept that India is a functioning democracy," he said.

Phoenix of Beirut starts to rise from the ashes of civil war

By Julian Ozanne in Beirut

THE chic and wealthy young wives of east Beirut browse through the Coco Chanel and French lingerie stores in the modern glass and steel ABC indoor shopping mall, built after the end of the civil war.

After a husy morning huying expensive perfume, cosmetics and designer clothes during occasional power cuts the fashionehle women eat a light lunch together before zooming bome in BMWs and Mercedes.

Oo both sides of the city, once divided hy the rubble-strewn killing zone known as "The Green Line," e new Beirut is rising from the dehris of 15 years of fratricidal bloodshed.

Two years of peace and five months of government under hillionaire prime minister Rafik Al-Hariri has restored confidence to many Lebanese. The government has started to reassert economic control and speeded-up e massive $5hn (£3.46hn) puhlic and private reconstruction of the city. The political situation remains voletile and the government faces a Herculean challenge in financing its rehahilitation plans and stebilising an economy awasb with corruption, unemploymant, poverty and mismanagement.

The armed sectarian militias wbo once mounted checkpoints and ran parts of the city as fiefdoms have been cleared off the streets and replaced with the Lebanese Army. Syrian troops still operate checkpoints, marked hy pictures of President Hafez al–Assad taken against a bouquet of red roses, hut their presence is more discreet.

Much of the business optimism is based on a belief in the miracles expected from the government of Mr Hariri. Mr Michel Sinoura, finance minister, says the government has already made substantial economic gains, particularly in turning round the balance of payments deficit.

The Lebanese pound has been stabilised, despite a politically-motivated attack on the currency in late January which was successfully fought off by a $300m Central Bank intervention.

Mr Sinoura saya major efforts are under way to slash a soaring hudget deficit of L£1,200bn (£472m) last year hy reducing expenditure and improving revenue collection. Stabilising the macro-economic environment and reforming an unwieldy end disintegreted puhlic sarvice are critical in attracting the huge sums required to implement the government's reconstruction plans. On the public sector side the government is trying to speed implementation of a World Bank-hacksd $2.3bn three year project for rehuilding and modernising the city's infrastructure.

The government is reasserting economic control and speeded a $5bn public and private reconstruction of the ruined city

Mr Al-Fadl Chalak, President of the Council for Development and Reconstruction (CDR), says the CDR has just completed pre-qualification of tenders for the $250m-280m electricity rehabilitation and expects to award the tender in July. All other projects are almost ready to go to tender. However the CDR has so far only received financing pledges for $400m. The rest may be raised at a Paris meeting of donors in April.

In tbe private sector, tha second major thrust of the reconstruction project is a controversial $3hn plan to rehabilitate 1.3m square metres, including 660,000 square metres of private property, in the bombed out centre of Beirut.

While western diplomats say tbe economic plans and achievements of tbe government are impressive, there are still serious contraints. Politically, Mr Hariri is walking a tightrope between the different factions.

The Maronite-Christian community boycotted last year's elections because of the continued presence of Syrian troops in Beirut in contravention of the peace agreement hammered out in late 1989 in Taif, Saudi Arabia.

They remain suspicious of the increasing power of Mr Hariri, a Sunni Moslem, at the expense of tba presidency which is reserved for a Maronite Christian. Last month Mr Hariri clashed with President Elias Hrawi over government appointments, marking the end of the political honeymoon.

Maronite businessmen, who have a large part of tbe estimated $30bn-40bn held hy nationals abroad, were accused of leading an ettack on the Lebanese pound in an effort to weaken the government.

The Kataah, the Maronite political party, is also torn hy an internal power struggle.

Another problem is the continued power of tbe Islamic fundamentalist Hizhollah whicb is building its influence through charitable activities.

Curbing the Hizbollah and finding a political solution to Maronite discontent are largely dependent on external factors. Hizbollab remains almost untouchable while it heads the forces fighting against Israeli occupation in the south of Lebanon.

The Maronites are unlikely to be reassured until the Syrians abide by the Taif accord and redeploy all their 40,000 troops to Lebanon's Bekaa Valley.

Regaining Lebanese sovereignty will be critical to overcoming the looming political problems and without it Mr Hariri will find his grand economic ambitions much more difficult to achieve.

NEWS: WORLD TRADE

Tokyo defies US anger over supercomputer

By Michiyo Nakamoto in Tokyo

THE Japanese government yesterday brushed aside US criticism of its supercomputer procurement policy and went ahead with the installation of a Japanese-made supercomputer in an attempt to end one of the most controversial trade disputes between the two countries.

Japan's National Institute for Fusion Science, a government research institute, has installed a supercomputer made by NEC, the Japanese electronics group, which won a contract over Cray Research, a leading US manufacturer.

The installation of the NEC machine rejects outright claims by the US that the Japanese company won the contract as a result of a public procurement policy that favours Japanese companies.

It comes as the US has stepped up pressure on Japan to open its markets, particularly for high technology electronic products.

Mr Mickey Kantor, the US trade representative, expressed concern on Friday about Japanese public procurement of supercomputers.

The US is sending Mr Ira Wolf, assistant trade representative, to Japan at the end of the week to discuss a number of thorny trade issues, and is more than likely to touch on government procurement of supercomputers.

Cray Research said yesterday it had not been able to evaluate, at a demonstration held by the Japanese research institute, whether NEC's machine met the performance criteria required to satisfy the terms of the bid. The US company has questioned whether NEC's machine could actually do what it professed to do and claimed that the institute had used an evaluation process that favoured NEC's machine.

The Japanese government, which set up a Supercomputer Procurement Review Board after US threats of retaliation, rejected Cray's complaint last October. The research institute held a test of the NEC machine's performance last week and found it met required criteria.

The Japanese side believes it holds a trump card and is not prepared to bow readily to US demands.

"Cray has already supplied a few supercomputers to Japanese government institutes," Mr Tadashi Watanabe, general manager of NEC's supercomputer marketing division, pointed out yesterday. "But not one US public body has bought a Japanese supercomputer."

A representative of the research institute said: "We are the ones who bought the supercomputer so we are the ones who need to be satisfied by the NEC machine's performance."

Japan to step up spending on LCDs

By Michiyo Nakamoto

TWO leading Japanese manufacturers of liquid crystal displays (LCDs) intend to invest a total of Y160bn (£950m) over the next three years in moves that could further widen the lead of Japanese LCD manufacturers over their western competitors.

Sharp plans to invest Y80bn to expand its thin-film transistor plant in Nara prefecture in the coming fiscal year, modernise a separate plant in Nara and set up a plant in southern Japan which would begin production in 1995.

NEC, which is building a plant in Kagoshima, southern Japan, is investing Y80bn in setting up a new thin-film transistor manufacturing plant, among other things. Total investment by the company since 1989 would rise to Y100bn by 1996, it said.

Sharp and NEC are expanding their LCD manufacturing capacity despite the recession in the hope they can maintain leadership in a market which is expected to grow to Y1,000bn by the next decade.

LCDs are used increasingly in portable computers, camcorders, car navigation systems, electronic diaries and other communication devices.

The industry believes that with the growth in personal communication devices, such as Apple's personal digital assistant which is scheduled for launch this year, demand for LCDs will increase.

US and Europe have been left behind in the race to capture one of the largest growth areas in electronics and western companies are dependent on Japan for LCD supplies.

Philips, the Dutch electronics group, has joined Thomson and Sagem of France in an LCD joint venture plant in an attempt to break into the market. Philips already has a pilot plant in its home country. But LCD technology requires many years of manufacturing experience and the Europeans are likely to take some time to catch up.

Irish misty eyed over Digital days

Tim Coone looks at the local impact of a shake-up in the world computer industry

THE decision last week by Digital Equipment, the US computer maker, to close its manufacturing facility at Galway in the west of Ireland has produced much dismay and soul-searching in Ireland.

Digital has been in Ireland for 22 years, and was the biggest employer in the electronics sector until its decision to concentrate production at Ayr in Scotland, with the loss of 780 jobs at the Galway factory.

The Irish government has blamed the British government for allegedly offering lucrative government contracts to Digital (although it admits to having no hard evidence).

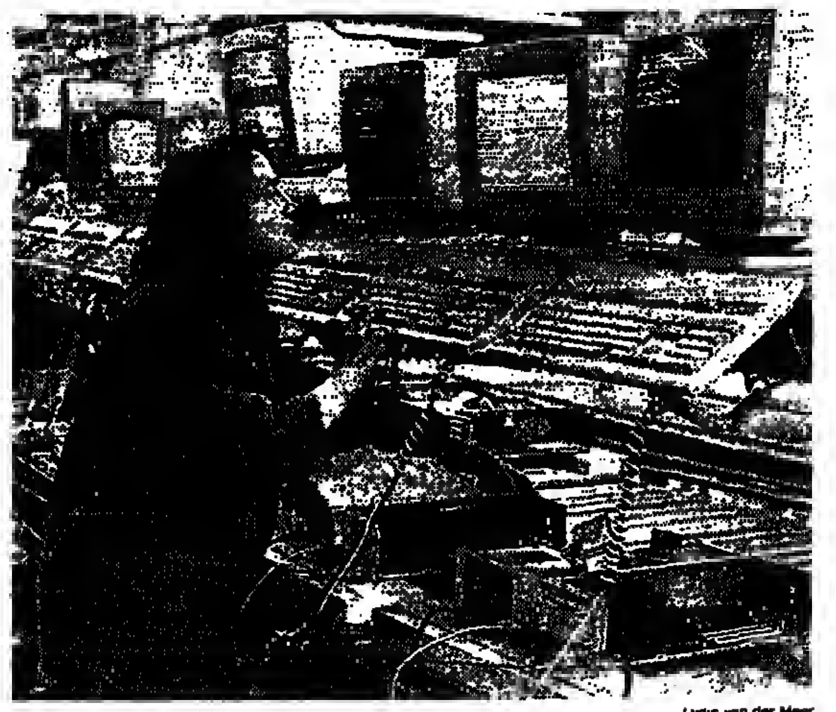
The opposition blames the government and the Industrial Development Authority for having done "too little too late" to save the Galway factory. More nationalistic voices, including some in government, have been heard questioning the dominant role being played by multinationals in Ireland's industrial sector, and arguing that fewer tax and grant incentives should be given to foreign companies and greater support given to indigenous Irish industry.

More sober reflection by those not so close to the political front line, though, view the Digital closure as part of an inevitable shake-out of an industry facing rapid technological change.

Mr Edward Johnston, the director of the Federation of Electronic and Informatic Industries in Ireland, said: "We have to live with the fact of occasional failures in terms of closures."

Digital's Galway plant was primarily manufacturing VAX minicomputers. In early 1992 it decided to start building its new Delta workstation around its newly developed Alpha chip. According to industry sources, test marketing of the Delta in Europe proved a failure, as PCs have increasingly come to dominate the market over workstations and minicomputers.

As Digital had already begun PC manufacturing at Ayr, and had opened a new semiconductor plant in Scotland, the concentration of production at Ayr became inevitable.



Lydia van der Meer

Dell Computer's plant in Limerick: recent entrants have boosted Irish electronics

Next to the food processing industry, electronics is Ireland's most important manufacturing sector. Built up in just 25 years it now employs 17,000 people with a further 7,000 employed in software production and development.

Net investment in fixed assets in the electronics sector amounts to I£763m (£747m), which produces an annual output worth close to I£5bn, of which 80 per cent is exported.

In the early 1970s, jobs in the industry were mainly in the basic assembly of low-cost products. Today workers are involved in the production of high-value systems, components and software.

According to the IDA, the government agency responsible for promoting inward investment into Ireland, as much as 40 per cent of the 9,000 jobs in the electronics sector in 1980 no longer exist. Nonetheless the sector has experienced continuous growth, with high-tech plants replacing the older assembly "screwdriver plant" type operations, and demanding better trained employees.

The past year has been one of even greater change. Last year, Wang, which went into receivership, shed 75 per cent of its 700-strong workforce in Ireland. Apple was on the point of putting off 400 of their 800 workforce, but have since revised their decision.

By the end of 1993, in the space of two years, about 10 per cent of the workforce in the existing electronics industry will have been made redundant as a result of the Wang and Digital wind-downs and the closures of several smaller companies.

Nonetheless this is being offset by new entrants such as Dell and Intel, which are making major investments which within two years could boost the sector's output by as much as 25 per cent. Dell decided to set up its sole European manufacturing base Ireland just two years ago.

According to Mr Buddy Griffin, the managing director for manufacturing, "there has been no cause for pain or regrets. On the contrary the operation has been highly successful and facilitated very rapid growth in sales in the European market."

Intel is in the process of constructing a I£500m semiconductor plant, the biggest electronics investment ever in Ireland. The plant will manufacture wafers for its new generation Pentium chip, otherwise known as the 586 processor, and will be the company's main world manufacturing facility for the processor, with sales projected at a level of "billions of dollars". Some 1,500 jobs in total will be created at the plant.

Mr Frank Turpin, the external affairs manager at Intel, said the reasons for choosing Ireland for this strategic plant were primarily due to the workforce skills available and the 10 per cent corporation tax regime.

"Due to the complexity of the technology, we felt it had to be an English language location, and in Scotland we felt we would face poaching by other companies," he said. Intel itself has poached 200 Irish engineers from other electronics companies worldwide.

Mr Dan Flinter, the executive director for overseas industry at the IDA, is in no doubt that, despite the setback of Digital's closure, the electronics industry will continue to grow in Ireland. "We shall continue to back strong companies that want to locate here. We are in the business of applying capital resources to get the best return, not necessarily the safest."

It is not the most comforting message for the 780 who are to lose their jobs at Galway, but as Mr Turpin said: "There is a whole world of difference in the industry now compared to when Digital came to Ireland."

Indonesian power scheme

By William Keeling in Jakarta

THE Indonesian government has approved an investment licence for Mission Energy of the US to build a $2bn (£1.42bn) power station at Paiton in East Java. The licence follows the personal intervention of President Suharto after negotiations between the government and Mission Energy stalled last December.

The project, which consists of two coal-fired 600 MW power units, will be Indonesia's first privately built, owned and operated station linked directly into the national grid.

The plant is at the heart of the government's drive to attract private companies into the power sector. Donors estimate Indonesia must invest $30bn into the national grid this decade to satisfy demand, one-third of which should come from private investors.

China in US talks on Gatt entry

By Tony Walker in Beijing

SENIOR Chinese and US officials yesterday focused on conditions for China's entry to the General Agreement on Tariffs and Trade at talks in Beijing. It was the highest level contact between the US and China since the change of administration in Washington.

The US, whose negotiating team was led by Mr Douglas Newkirk, assistant trade representative for Gatt affairs, has indicated support for China's rejoining Gatt; but US officials say that the "process of Gatt accession is some way off". China was a founding member of Gatt in 1948, the year before the communists swept the US-supported nationalists from power.

Formal consultations between Beijing and Washington on Gatt accession – China launched its bid to rejoin Gatt in 1986 – were suspended after the 1989 Tiananmen episode in which hundreds of democracy protesters died in an army crackdown.

Chinese acetic acid plant

By Andrew Taylor, Construction Correspondent

JOHN Brown, part of the Trafalgar House construction, property, hotels and shipping group, has won a $60m (£42m) contract to build an acetic acid production plant at Wujing near Shanghai. The contract has been awarded by China National Technical Import and Export Corporation for Shanghai Chemical Industries.

Acetic acid is an intermediate chemical in the production of a range of items, including paints and plastics. The process equipment for the plant will be bought in Britain, says John Brown, responsible for engineering and procurement for the plant, which is expected to start production in 1996.

British Gas faces demand for break-up

By Deborah Hargreaves

A CALL for the wholesale break-np of British Gas, the national domestic and industrial supplier, came yesterday from the industry's regulator as a way of reducing prices for household customers.

The radical proposals to introduce more competition have plunged the relationship between the company and Sir James McKinnon, director general of Ofgas, to a new low. British Gas called Sir James's proposals "a smash and grab raid" on its husiness that would cost £3bn over 10 years.

Sir James's proposals call for British Gas to be broken up into 12 regional marketing companies with a separate gas purchasing arm. The regional companies would not have British Gas's current monopoly over domestic supply, opening up the market for rivals.

The regulator, who has waged a hattle of attrition against British Gas'a market power, wants the hreak-up in addition to hiving off the company'a pipelines and storage system.

"It's a logical development," Sir James said, "if there is any desire to give domestic customers some kind of choice, this is the route to go."

He believes more choice will lead to lower prices.

Sir James's proposals were made in a submission to the Monopolies and Mergers Commission and released to the public yesterday. The commission is reviewing the structure of the gas industry after previous rows, and is due to make its report next month.

Mr Cedric Brown, chief executive of British Gas, who was yesterday giving evidence to the commission on why the company should not be broken up, predicted that Sir James's proposals could lead to prices increase of up to 15 per cent.

Mr Brown called Sir James's proposals "superficial and poorly argued."

British Gas said that to dismember its business would cost on average £166 for each customer as well as £1,500 per shareholder, although it gave no indication as to how the costs would break down. The company also said the industry would face disruption for 18 months.

Ofgas claims that the cost of break-up would be closer to £250m than the £3bn cited by British Gas.

British Gas has 30 rival companies already snpplying industrial customers. Many of these, inclnding the British regional electricity companies, are keen to enter the domestic market.

But British Gas says its competitors would not have the same safety standards or an obligation to maintain supplies.

Monopolies probe into UK condom market

By Robert Rice and Maggie Urry

THE £45m a year UK condom market is to be investigated by the Monopoliea and Mergers Commission.

Sir Bryan Carsberg, director general of fair trading, said changes in the market meant price controls introduced after an earlier MMC inquiry in 1982 needed to be reviewed.

The supply of contraceptive sheaths in the UK is dominated by LRC Products, part of the London International Gronp, which has some 75 per cent of the market with its Durex brand. Mates – originally owned by the Virgin Group but sold three years ago to the Australian Ansell Corporation – is the second largest with some 20 per cent.

When the MMC last looked at the market it concluded LRC's monopoly position with between 90 per cent and 95 per cent of the market operated against the public interest, and that its prices might be expected to become excessive.

LRC gave undertakings to the Office of Fair Trading that it would limit growth in its average realised price – total UK turnover divided hy total UK volume – to below 1.5 per cent below an index of costs close to the retail price index.

Sir Bryan said yesterday: "Although the price control arrangements have restrained the rate of increase of average realised pricea, I believe the market has changed and the price control arrangements now need to be reviewed."

He said he would be particularly interested in the MMC's views on the price control mechanism and whether it had damaged the prospect of successful competition.

LIG yesterday welcomed the MMC reference. It said that the business affected represented about £20m of sales, at wholesale prices, 5 per cent of group turnover. LIG's shares fell on the news hut recovered to close unchanged at 220p. The company said the UK was the only market where it faced price controls.

The commission bas been given nine months to report.

● Procedures for investigating monopolies and mergers by the UK competition authorities are slow in focusing on the real issues, involve duplication of effort and impose an unnecessary burden on managements over an extended period, according to a survey by accountants Ernst & Young.

The survey of 25 companies involved in recent MMC inquiries found the Office of Fair Trading was thought to be too quick to initiate inquiries and gave inadequate explanations of the reasons for references to the MMC. The companies also felt the MMC collected too much detailed information, that there was a lack of commercial awareness in both the OFT and the MMC and that MMC inquiries were too wide ranging with issues of little relevance still left open at a late stage of the inquiry.

John Birt to join salaried staff at BBC

MR JOHN Birt, director general of the BBC, yesterday decided he would become a salaried employee of the Corporation for the first time since joining as deputy director-general.

Mr Birt's change of status follows revelations thet for six years he had been paid through a private company – John Birt Productions.

Until now Mr Birt had been paid gross to this company. It is not clear if he will be compensated for not being paid this way in future and is likely to have to pay more tax.

Mr Birt (pictured right) said yesterday: "I have today told the BBC I would like to accept their offer to change my status and to become a member of the BBC'a staff."

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St David sets pace for council reforms

By Anthony Moreton

THE government yesterday chose the feast of St David, the patron saint of Wales, to announce the reorganisatioo of local government in the principality. Similar plans are being discussed in Scotland and in England.

Local government in Britain, last reorganised in 1974 and 1975 by the Cooservatives, faces widespread reform. In Wales the government intends to replace the eight current counties and 37 districts with 21 unitary authorities responsible for all local services.

The Welsb capital, to be known in future as the city and county of Cardiff, is to be given a special role in the reorganisation. A study is to be undertaken of how tbe city, and its position as capital, should develop over the next 25 years.

Elections for the new councils will be held next year and they authorities will come into being legally on April 1 1995.

Counties, the basic building blocks of local government in Britain, stretch back to Saxoo times. Some, like Kent and Sussex, were kingdoms. Others were formed by Act of Parliament.

The first comprehensive system of local government was set up in the nineteenth century. The 1974 reforms created two tiers ; county and district.

The present reforms were set in motion in 1992 and are expected to produce more "one tier", or unitary, councils: although local conditions are likely to mean exceptions to the pattern.

In the twentietb ceotory local government has provided a wide range of services such as street cleaning, education, environmental health control, road huilding, street lighting, and monitoring the police.

A report last month by management consultants Touche Ross put the cost of the reorganisation ranging from as low as £66m over 15 years to as much as £153m at constant prices. Touche Ross also projected potential savings from a minimum of £17m a year.

Parliament costs taxpayers £200m

PARLIAMENT is to cost the taxpayer more than £200m for the first time next year, according to Treasury figures; writes Alison Smith.

Revised figures, to be published next week, will show that the total cost of the House of Commons and the House of Lords is £198m for 1992-93, and is estimated to be £210m in the financial year beginning next month. This figure is based on cutting the salary bill by £3m.

At a time when the government is cracking down on public spending in every department, the parliamentary budget is one area over which ministers have little control.

Treasury officials say the sharp increase in the Commons budget for fees and salariea from £58m last year to £72m this year, comes partly from MPs' decision last summer to reject government advice and vote themselves a rise which took the office costs allowance for each of them to almost £40,000 – more than their annual salary.

Spending on the Lords, including allowances for the 400 or so peers who regularly attend, is planned to rise from £36m this year to £41m next year, while spending on Commons administration is set to rise from £90m to £100m.

Exact comparisons with previous years are difficult, because until recently costs such as printing or building work were concealed in other departments' budgets.

Since parliament sits for longer each year than many other legislatures, in terms of value for money, taxpayers may feel they are doing well – perhaps until they consider that for the umpteenth week, the line-by-line debate on the Maastricbt bill is domioating the Westminster agenda.

Wasting away in management

BRITAIN'S managers can look forward to at least one working day each week being an otter waste of time, writes Diane Summers.

To compensate for all the time-wasting, at least one in three managers will have to work more than 50 hours over the week – eqnivalent to a whole extra unpaid day on top of their contracted hours.

The findings, which come from an Industrial Society survey of managers at all levels, rank as the chief time-wasters: telephone interruptions, people dropping hy and the failure of machines sucb as computers and photocopiers.

Two egalitarian trends – the open-plan office and the move away from personal secretaries – appear to be making matters worse. Open-plan offices lend themselves to interruptions, according to the Industrial Society. Managers should dispense with inviting chairs next to their desks and ask themselves: "Do I have a repntation for being quite happy ahont being Interrupted? Is this the repntation I want?"

More than half of managers have to share secretaries and a fifth do their own administration, the survey found. The result is that np to one-third of a manager's working week is spent on paperwork.

UK tightens rules on 'dual-use' Iran exports

By Jimmy Burns and Gillian Tett

BRITAIN is tightening up its controls of defence related equipment and so-called 'dual-use' technology to Iran, Mr Douglas Hurd, foreign secretary announced yesterday.

Under new guidelines, the Department of Trade and Industry will not approve licences for items on international lists of banned military or atomic energy equipment.

Licences will also be refused to those attempting to export any equipment "where there was knowledge or reason to suspect that it would go to a military end-user or be used for military purposes."

There will be two exceptions to the new guidelines which were announced in a written answer to a parliamentary question at Westminster yesterday. Tbe exceptions are goods judged essential for the safety of civil aircraft, and radioactive material for medical use.

The previous guidelines were announced in 1985 and applied to equipment which tbe government thought "significantly enhanced the capability" of Iran and Iraq following the outbreak of their territorial conflict.

In recent months Iranian groups have approached UK exporters for military parts to replace equipment lost or damaged over the last ten years, and some western officials have expressed fears of a renewed military build-up.

Last month UK customs officers interviewed a number of UK businessmen after seizing about 12,000 counterfeit engine parts for US-made Iranian jet fighters.

A Foreign Office official said that the death threat against the author Salman Rushdie remained a "factor in our bilateral relations", although the issue was not directly related to the announcement. Instead the new guidelines follow a year in which the UK government has faced criticism over the way departments allegedly got round the government's own guidelines on exports both to Iran and Iraq.

Central bank governor issues interest rate warning

By Peter Norman, Economics Editor

MR ROBIN Leigh-Pemberton, governor of the Bank of England, last night warned that Britain would raise interest rates if it felt that a falling pound imperilled its goal of low inflation.

Speaking in Bristol, Mr Leigh-Pemberton insisted the Bank was "in no way indifferent" to the behaviour of the exchange rate and stressed that the UK had "most certainly not been seeking a competitive advantage" for its exports through sterling's depreciation.

Mr Leigh-Pemberton, who is to retire in June, said the "substantial fall" in sterling's value since its departure from the European exchange rate mechanism in September "was not a deliberate object of policy".

Although sterling rose strongly on currency markets yesterday, its value measured on the Bank's trade weighted exchange rate index last night was 15.2 per cent lower than before leaving the ERM.

The governor warned that success in pursuit of the government's target of keeping underlying inflation within a 1 to 4 per cent band "could be impaired if the exchange rate were to fall too far".

Giving a warning of higher interest rates should sterling slide further, he said: "We will need to monitor very carefully the impact of the exchange rate on inflation and to respond with tighter monetary policies if we believe the inflation target to be threatened".

As money markets throughout Europe yesterday began looking forward to an easing of German monetary policy, Mr Leigh-Pemberton made clear that Britain would not follow any cut in interest rates in continental Europe.

"In such circumstances there would be no question of the UK seeking to hold the exchange rate down to maintain competitive advantage", he said. "Indeed, the appreciation of the [sterling] exchange rate which would result from easier policies elsewhere would greatly assist the achievement of the government's target for reducing inflation."

The governor's remarks came after provisional Bank figures for M0, the narrow measure of money supply, pointed to a continuing upturn of British retail sales last month. The sharp seasonally-adjusted 4.8 per cent year-on-year increase of M0 in February was well above the government's 0 to 4 per cent range.

Although the annual growth rate has risen sharply from 4.1 per cent in January and exceeds the Treasury's target range, officials indicated it was unlikely to prompt tightening of the government's monetary policy.

Other indicators are showing different trends. Growth of the broad money measure M4 - M0 plus bank and building society deposits – is currently below the floor of its 4-8 per cent monitoring range while inflation indices continue to point to significant disinflationary pressures in the economy.

Economists yesterday said recent reductions in base rates to 6 per cent meant that there was less incentive for people to hold their money in savings accounts.

Britain in brief

Names start legal action at Lloyd's

Mora tban 2,000 Lloyd's Names are to isane writs against their agents today, kicking off one of the largest actions in English legal history, in terms of the number of plaintiffs and defendants.

A total of 2,145 Names – individuals whose assets support the Lloyd's market – are seeking to recover £396m in insurance losses. The Names were members of Gooda Walker syndicates 164, 290, 298 and 298, which specialised in "spiral" reinsurance, in which syndicates and London market companies reinsure each other's exposure to high level catastrophe loss.

Advised by Wilde Sapta, tbey are auing 67 members' agents, who placed them on the syndicates. Mr Michael Deeny, chairman of the Gooda Walker Action Group, which is organising the action, said the average loss of each Name is £184,877.

Hopes rise for Daf plant

A ray of hope has appeared for the 1,346 workers at the threatened Leyland Daf trucks plant in Lancashire, following the conclusion of an agreement in principle for Leyland to resume truck supplies to Daf Trucks NV, the new Dutcb truck company created on Friday.

The agreement was reached after a week of talks in Eindhoven. As a result, and provided that a detailed agreement is reached, the Leyland plant could soon step up prodnction snbstantially. Currently, it is making around 50 trucks a week to fulfil ontstanding orders.

Scottish HQ for drug group

VRG International, a US drugs research company, announced that it would locate its £2.25m European headquarters at Livingston, near Edinburgh.

The company intends to set up a management and data centre and clinics carrying out contract researcb. The first phase would involve a short stay clinic at St John's Hospital in Livingston, employing 58 people on drug test procednras. A management and data centre would employ a further 226 managing clinics elsewhere in Europe.

Fast pace for sell-off plan

The government has indicated that it wants to press ahead as quickly as possible with the privatisation of London'a Docklands Light Railway.

It has given the management consultancy arm of Ernst & Young, the accountancy firm, just four weeks to draw up a list of options for putting the railway into private hands. Ernst & Young's brief is to consult on as wide a basis as possible with those having interests or expertise in privately-owned transport systems, including potential investors, and to report by Marcb 26.

Bank bonus plan attacked

Royal Bank of Scotland has been criticised by the Labour Party for introdncing an incentive scheme which offers bonuses of up to £60 a quarter to employees who increase the number of account cbarges levied on customers.

Mr Nigel Griffiths, Labour's consumer spokesman, said the Performance Plus scheme was "the last straw for many small businesses". He said it undermined banks' claims to treat customers sensitively, and on an individual basis.

The Royal Bank scheme, introdnced on a trial basis from February to April, sets a target for each branch to raise its collection of ancillary charges such as those levied for returning "bounced" personal and business cheques.

Fears raised on unfair dismissal

Employers are increasingly sacking staff just before they qualify for protection against unfair dismissal, according to the National Association of Citizens Advice Bureaux.

The association pointed to "growing exploitation" of employees during the recession reflected in an increasing number of complaints to CABs on employment issues. Complaints of this type represent the third largest category of enquiries dealt with by the service after consumer debt and social security.

Funeral of abducted boy

The funeral of two-year-old James Bulgar, who disappeared while shopping with his mother in Bootle, Merseyside and whose body was found 15 days ago on a railway line, took place in nearby Kirkby yesterday. Two 10-year-old boys have baan accused of abducting and murdering James and attempting to abdoct another two-year-old boy.

Ford cuts price margins

Ford has cut its dealers' official proflt margin, nsually between 16 per cent and 17 per cent, to 10 per cent on the new Mondeo family cars, which are due to go on sale on March 25. The move helps Ford to claim Mondeo'a retail prices will be np to several hundred pounds lower than those of equivalent Sierra models which the Mondeo aucceeds.

Bid to refloat oil tanker

Salvage experts were last night attempting to refloat the Freja Svea, a Danish-owned oil tanker grounded off Cleveland, as gale-force storms swapt across north-east England. An RAF helicopter landed four salvagemen on deck yesterday in spite of 40ft waves.

Andrew Jack examines Sir Brian Unwin's record

Customs chief cuts away the excess baggage

Sir Brian: 'We delivered what the government wanted'

SIR Brian Unwin has just four weeks to switch between two of the most significant public service jobs in the EC: from head of HM Customs and Excise dnring implementation of the single European market, to head of tbe European Inveatment Bank.

He seems fully prepared for the transition. "What f do now have is this extraordinary privilege," he says. "Having broken down the borders I now have a chance to go inside them and help make it all work."

Sir Brian, who was at Customs for four years, argues that his greatest challenge was removing the borders for traders in the single European market; and motivating his staff to embrace the reforms.

His team had to with withdraw 1,600 staff from frontiers offices, replacing them with a system based on greater intelligence-gathering and targeting of smugglers.

"There is tremendous tradition and loyalty in Customs," be says. "That is a strength, but can also be a weakness. It made it more difficult to move staff away from the baggage benches and convince tham they can still catch baddies without deploying everyone at the frontiers.

"For centuries they were there with their cutlasses stopping things coming in."

One of his biggest battles was to persuade people in Customs that the removal of border controls would take place. "It posed a threat to people'a jobs, and their way of working. There was a tendency four years' ago to just wish it away."

He told concerned staff: "It is extraordinarily difficult, but we have got to face up to it. Unless we plan now, we won't have any control and we will be faced with an imposed solntion which will be less in your and the UK's interests."

In general, Unwin is pleased with the results on the single market initiative. "We have delivered what the government wanted by removing the borders without threatening our security."

He believes the UK played an important role in changing the shape of the single European market, blocking mandatory harmonisation of value added tax and keeping paperwork requirements to a minimum.

Sir Brian says Customs was used as a model for the government's executive agency reforms; now being mirrored hy the Inland Revenue. But he sees an important continuing role for central control.

He also believes he has made considerable progress in changing the way Customs operates. When he atarted, it was a very hierarchical organisation. He lays particular emphasis on promoting equal opportunities – especially the promotion of women, sucb as Ms Valerle Strachan, whom he appointed as his deputy and who takes over his post from today.

"After working in the Treasury and the Cabinet Office, Customs seemed very male dominated to me. It still is, hut things are starting to change."

Looking forward he says his main challenge at the EIB, the world's biggeat international lender, will be to consolidate the institution and reflect the new impetus it received at the Edinburgh summit.

"We are under tremendous pressure to increase the volume of lending," he says. "But we must also maintain rigorous criteria to sustain quality."

Andrew Baxter takes a look at the latest innovations from white goods manufacturers

Tempted by green gadgetry

Inside one of Zanussi's naw dishwashers is a multiple detergent dispenser – pour in the fluid and there's enough for a month before it needs refilling.

It is a simple idea, if less easy to put into practice, says Fulvio Caccio of Electrolux, which owns the newly relaunched Zanussi brand. Making the electrical parts humidity-proof was the main problem.

Zanussi and its rival white goods producers were displaying dozens of similar innovations at last month's Domotechnica appliances show in Cologne.

The dominant theme of Domotechnica was the environment – from the rednction and phasing ont of CFCs in fridges to reducing water consumption of washing machines and dishwashers. But functional innovetion was an important accompaniment and the technological challenge for the white goods industry is twofold: to produce worthwhile new features and better environmental performance.

A combination of both might just tempt consumers to trade in their old machines before the end of their nseful lives – crucial in mature western markets. The Zanussi dishwasher, for example, has an alternate top and bottom spray system to save water.

One way to tempt customers is to act on a good idea before the opposition. But intelligent use of electronics is also vital for innovation and enhancing environmental performance without confusing the customer. However, this is where problems can arise.

According to a 1991 report by market research company Frost & Sullivan on Europe's white goods industry, 2 per cent of all semiconductors are used in domestic appliances, and this share is rising.

"Microchips have made possible far more sophisticated switching, control and timing devices," says the report.

"However, many suspect these new 'bells and whistles, knobs and knockers' are only a manifestation of unnecessary gadgetry . . . many doubt whether the typical consumer really wants such frills and actually uses them."

A few, at least, of the most recent functional innovations are not driven by electronics. Electrolux, for example, has introduced a new, low-frost system for chest freezers which cuts out 80 per cent of ice build-up.

Freezers warm up and cool down as the compressor switches off and on, but here the dry air normally expelled in the warm-up phase is held in a flexible cavity connected to the inside by a small pipe. When the freezer cools down, dry air is recycled into the freezer rather than humid air which deposits its moisture as ice on the freezer walls.

Anothar simple idaa was launched by Whirlpool for its dishwashers – a "long door" which is counterbalanced to stay open in any position.

Most innovations, however, depend substantially on electronics. One of the big issues at Domotechnica was the extent to which western producers would introduce products with "fuzzy logic" – where a central microchip receives signals from several sensors in the machine and then sends out fresh instructions accordingly.

The answer is that western producers are taking a mnch more selective approach to fuzzy logic than their Japanese counterparts, which market the concept heavily.

"In fridges and laundry products, I see us moving towards fuzzy logic in this decade," says Ronald Kerber, Whirlpool's chief technology officer. "Not because there is any desire by consumers to have it, but because of its rola in controlling the performance of the machine."

AEG launched a washing machine with fuzzy logic that is dne to go on sale in Germany later this spring. The big German prodncer also enthuses about the "massive potential" of fuzzy logic for appliance efficiency. The sensor system means, for example, that the machine can ensnre exactly the right amount of water is used, making the half-load button redundant.

Inside out: tomorrow's washing machines depend on electronic innovations

Whirlpool, meanwhile, launched its first fuzzy-logic product, a new "Sixth Sense" microwave for its top-selling VIP range. This eliminates the guesswork from two common hot boring tasks – reheating or defrosting food.

The user presses a single button to reheat or defrost and the oven works out the type and weight of the food, then calculates the correct time and power output. The cooking is left to be done manually.

The approach to "interactive" or intelligent cooking is also cautious, although some manufacturers believe the effort is worthwhile for top-range machines. Fagor, the biggest Spanish producer, unveiled its Todo Plus oven which combines traditional heat, circular heat and microwaves and links them to a small screen in the control panel. This can show how to prepare more than 125 recipes, work out quantities and choose the best cooking sequence.

AEG unveiled another important new feature, so-called Bio phase programming for dishwashers and washing machines. This is geared to the latest ultra-compact detergents for both types of machines, which include enzymes that work best at low temperatures.

In AEG's new washing machine, the water is held at 40°C for 20 minutes to allow the enzymes to work effectively, before it is heated to the set temperature for the rest of the wash.

As for genuinely new products, one to watch – especially for microwave producers – was the Jet-Stream Oven from Minnesota-based American Harvest. This uses cyclonic cooking, a patented technology that heats air to 204°C and moves it around the food at 2,200 feet per minute. The result, says the producer, is oven-quality food at microwave speeds.

Steamed up over irons

After the reunification of Germany, eastern households very quickly switched from their heavy, sometimes unsafe irons to new, lighter western versions with more features.

Further sonth, Italian housewives might find themselves ironing 10 shirts a day. Anything that makes the chore easier, quicker and produces a better resnlt will lighten their load.

Sales of irons in Europe are rising in real terms even though volumes are flat or down slightly, a sure sign of a market demand for more sophisticated products.

Bnt, as often happens in the appliance industry, the approach to innovation falls somewhere between that of Japan and the US.

Japanese iron manufacturers are using electronics to give users information considered of doubtful benefit in Europe – such as soleplate temperature. In the US, by contrast, the market is driven by price – what European prodncers scathingly call the "$9.99 syndrome". European irons are using electronics more as a means than as an end – to control prodnct functions and improve safety.

But national markets still vary. Italy is the most innovative, says Leon Ramselaar, ironing prodnct manager at Philips. In the UK, says Ian Mackey, Tefal UK's marketing manager, consumers do not want too many buttons to press – believing there could be more to go wrong.

Tefal, its sister company Rowenta, and Philips dominate the European iron market. When it comes to innovation, it is a "nip and tuck affair". Occasionally, a company will come up with a feature that is enough in itself to persuade consumers to buy, such as Tefal's replaceable anti-scale cassette introduced in 1990.

Scale huild-up can leave stains on clothes and the Tefal cassette system converts the calcium carbonate that causes scale to sodium carbonate as the water passes through it. Philips has now responded with a permanent anti-scale system.

Other ideas might contribute to a purchase decision. Philips has just introduced a drip-stop system for steam ironing on its top-of-the-range irons. The idea, says Ramselaar, is to prevent the incomplete evaporation of water which can cause drops to slip through and stain silks.

One important development is the "ironing system". Borrowed from commercial ironing, this links the iron by tube to a steam-producing unit which acts like a pressure cooker. The result is a lighter iron and more steam.

Producers are cagey about future plans, bnt Tefal and Philips are working on "quantum leaps" in technology. One possihility is to use ceramic hob technology to prodnce a new type of soleplate, ending the need for an element.

AB

Searching for the perfect rice cooker

By Michiyo Nakamoto

The recession in Japan may have dampened consumers' appetite for electronic goods, but a quick glance in any electrical retail shop in Tokyo shows it certainly has not killed their taste for high technology.

The decline in consumer spending in Japan has led manufacturers to review their product strategies and adjust their marketing and distribution plans to the new environment. Product ranges and cycles have heen reduced. Some retailers report that certain manufacturers have clamped down on discounts and rebates for poorly selling products.

However, one thing that has not been affected is the rising level of sophisticated technology that manufacturers feel compelled to incorporate in their products.

Take rice cookers, for example. There is no denying that the Japanese take their rice seriously. But when facing a row of rice cookers, each prondly proclaiming the use of microcomputers, induction heating or fuzzy logic, it is difficult not to feel that things have gone a bit too far.

The key to cooking good rice is a strong initial hurst of heat. Conventional rice cookers, in which a coil at the hottom of the rice cooker heats the inner pot, do not provide sufficiently strong heat. But a new range of rice cookers has appeared on the market using a method known as induction heating. Friction between a magnetic coil at the bottom of the cooker and the pot that contains the rice creates the heat which is transferred through the pot. The heat is stronger than in conventional cookers and spreads around the pot to cook the rice evenly.

Induction heating is a method long used in industrial furnaces. With the use of more semiconductors, rice cookers can also obey instructions to cook the rice normally, or slightly drier or wetter than normal. Because the new rice cookers do not just turn on and off, but can make subtle adjustments depending on the circumstances, they are described as being "neuro-fuzzy".

From toasters to washing machines, manufacturers are testing the computer programming skills of housewives with the use of microcomputers and liquid crystal display panels that show any number of programmes which need to he set up to get the machines to work. Manufacturers claim Japanese coosumers are becoming increasingly sophisticated and they are only trying to meet the demands of consumers for better-performing household appliances. But it is more likely that the excess of high technology in recent electronic products stems above all from manufacturers' needs to stimulate consumer demand and their desire to earn a higher profit from new products.

They are also clearly desperate to offer an inceotive for domestic consumers to replace their old equipment. According to the Economic Planning Agency, the penetration rate of washing machines in Japanese households is 99.4 per cent, while that of refrigerators is 98.9 per cent.

In a country where penetration of electrical goods is as high as it is, it is not surprising that stimulating extra demand will take more than a few extra buttons. However, added features also provide a convenient excuse to raise prices. The latest rice cookers, for example, are about twice as expensive as conventional ones.

As the difficulty consumers experience in programming video tape recorders has shown, too mnch high technology runs the risk of turning away potential buyers. Some manufacturers now recognise the need for easier-to-use electronic equipment and have started to introduce much simplified products such as VCRs.

Whether or not Japanese consumers are happy with all the high technology in their homes, it will be some time before they start to express their exasperation. Meanwhile manufacturers possess a powerful trump card. Since the production of old models is usually discontinued after some time, Japanese consumers are left with little chance to vote with their purses by keeping them closed.

MANAGEMENT: THE GROWING BUSINESS

Charles Batchelor asks whether trade missions are of any value to smaller companies

The merchants' adventure

John Major's recent return from Saudi Arabia with an order from King Fahd for 48 Tornado aircraft in his briefcase focused attention on that cornerstone of exporting: the trade mission. The prime minister was so inspired by the experience that he enthused on his return about Britain's need for "merchant venturers, not merchants of gloom".

But are trade missions of any relevance to the smaller business or are the merchant venturers only to be found in larger companies? The deals which are trumpeted are usually multi-million pound construction, engineering or defence projects.

Nigel Grainger, founder of Offspring International, a two-year-old, Droitwich-based export agency supplying products and services for the offshore, petrochemical and power-generation industries, is proof that the small business can make use of trade missions.

Grainger, who has one other full-time employee, one part-timer and a projected turnover this year of £300,000-£350,000, spent eight days in Yemen in December with a mission arranged by the London Chamber of Commerce. He says he made useful initial contacts though he did not expect people to place orders.

The Yemen trip was not without incident. Rioting prompted by the rising cost of living prevented a lunch appointment in Sana'a with a visiting British minister, says Tracey Dorrell, manager of the mission. A cancelled airline flight led to a six and a half-hour drive through the mountains from Aden in taxis which would probably not have passed a conventional test of roadworthiness.

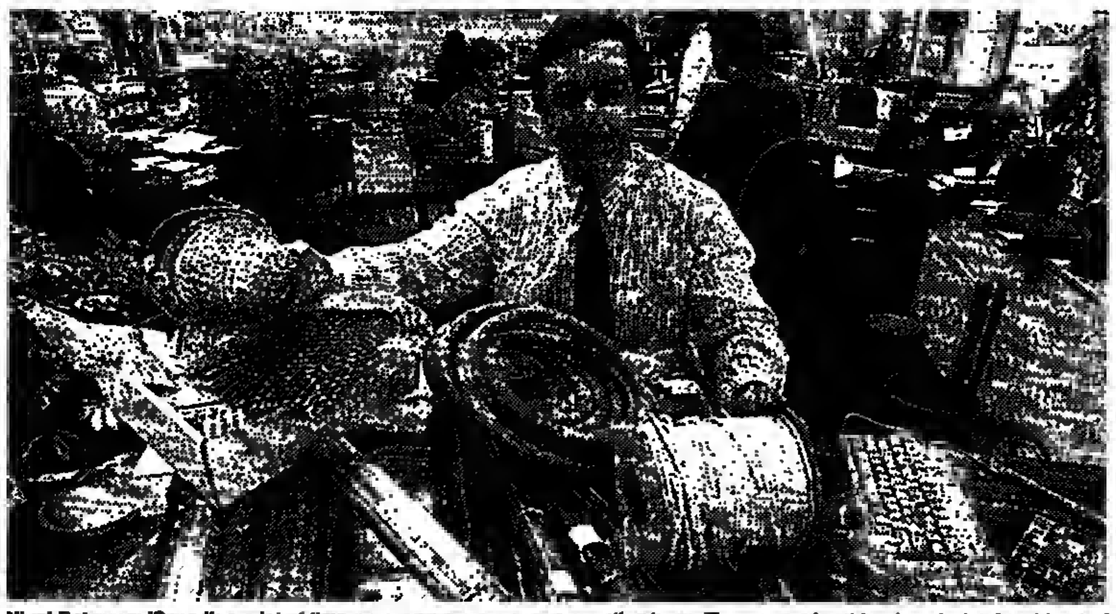
It is difficulties like these which prove the value of trade missions, says John Dorrell, head of international services at the London chamber. "Missions to countries which involve some discomfort or uncertainty tend to be oversubscribed," he says. "People want the support of the group and the backing of the local embassy. If there are unlikely to be problems, who needs a trade mission? There are none to European Community countries."

Missions are normally organised by either a chamber of commerce or a trade association and typically consist of between 10 and 30 members. The Department of Trade and Industry subsidises most missions but recently modified its policy to make the programme more cost-effective. It raised travel grants by between 5 and 25 per cent but placed a limit on the number of missions a business could join. There is an overall limit of 10 with a maximum of three to any single country except Japan, where the maximum is five.

The past three years have seen a fall in the number of DTI-funded missions but an increase in the number of businessmen and women travelling. In 1990-91 1,725 participants went out on 133 missions. By 1992-93 there were just 123 missions but 2,350 participants, the DTI calculates. To encourage small and medium-sized companies to join missions it normally requires 60 per cent of participants to be from businesses employing fewer than 500 people.

Although the organisers usually like to have a mix of participants from both large and small companies there are particular benefits for the smaller firm:

- The chore of booking flights, hotels and making local travel arrangements is removed.
- Advice on local market conditions and the practicalities of doing business is available from both the organisers and more experienced exporters. A briefing meeting is usually held before the mission leaves and on arrival in the foreign destination. The local embassy or high commission will produce lists of contacts though it normally makes a charge.
- A programme of receptions and visits is arranged. Participants are not obliged to take part in these events but they can provide valuable introductions. "Don't just treat the mission as the chance of a cheap trip," says Tracey Dorrell.
- Companionship. "There is no substitute for travelling with other people," says Nigel Bateman, sales manager of Euro-Tech (Export), a



Nigel Bateman: 'Spending a lot of time on your own can sap your enthusiasm. The companionship of a mission is a big plus'

'Investigate the market on your first trip. And don't expect to come away with armloads of orders'

Croydon-based exporter of electronic components with 15 employees and sales of between £2m-£3m. Bateman compares a recent visit to Saudi Arabia on a London chamber mission with an earlier three-week visit to the Gulf states. "Spending a lot of time on your own can sap your enthusiasm and means you are less effective. The companionship of a mission is a big plus."

- Support when things go wrong. The organisers or the local embassy can help with problems with visas or changes in travel arrangements. Women face particular difficulties in many countries in the Middle East. The three women on the Saudi mission were initially told they needed police approval to stay at one hotel, though this demand was subsequently dropped.
- Cost. Government subsidies do reduce the cost though some organisers think the sums involved are not significant enough to affect a decision to participate. The London chamber charged participants in its 10-day Saudi mission £1,269 with a £350 rebate from the DTI payable on return. The chamber advises participants to allow a further £60 a day for taxis, meals and incidentals.

But the prospect of a cheap trip should not be a significant factor, advises John Dorrell. Most important is whether the company's products or services are likely to find a market in the country being visited. Once this has been established the would-be exporter needs to check that he can repatriate the proceeds of any sales. Will he be able to obtain insurance cover on the commercial and political risks of that particular destination?

The exporter also has to be prepared for the extra business which may be generated by the trip. Janet Crawford, managing director of London-based Angel International Recruitment, calculates she won £120,000 worth of business from her trip to Saudi Arabia. She says she was surprised by the volume of business she obtained and estimates it will take a year to turn the "orders" (for trained personnel) into cash.

Participants should not necessarily expect to sign up firm orders on their first visit. Making contacts and establishing confidence is a slow process and regular visits will probably be necessary. "Investigate the market on your first trip," advises Bateman. "Don't expect to come away with armloads of inquiries or orders. And don't be rushed into signing up exclusive agency deals."

A mission also requires careful preparation. Places must normally be booked three months in advance to be eligible for DTI subsidies and participants are advised to think about the trip well ahead of time. "Some people don't do their homework beforehand," says Peter Valpy, director of the British Knitting & Clothing Export Council, which has five missions planned. "Prepare good promotional material in advance and send it to the embassy for distribution ahead of your visit," he says.

A drawback of a trade mission is that it does require participants to keep to the general timetable. The London chamber's 10-day mission to Saudi Arabia involved three-day stops in Jeddah and Riyadh followed by a day of rest and then three days in the Eastern Province. Some participants may find they can generate most business in one location but have little to do in the others.

This problem can be overcome by extending the visit, an option which is permitted by the DTI rules. Jean Morgan-Bryant of Sabvia, an equipment supplier to the oil and construction industries, extended her Saudi visit by three days before flying on to another destination. Nigel Grainger says he makes his first trip to a country with a mission but makes subsequent visits on his own so he can set his own itinerary.

Missions organised by trade associations are normally only open to members. Chamber of commerce missions are usually open to members and non-members and to businesses outside the geographical area covered by the chamber. Contact trade associations, chambers or the DTI's Outward Missions section Tel. 071 276 2414. Fax. 071 223 4707.

In a Nutshell

Checking out your bank account

Ninety five per cent of business bank accounts contain errors, according to a survey of 152 accounts carried out by Bankchek, a specialist consultancy.

It found that in 75 cases banks had overcharged their customers while in 70 they had undercharged. Only seven accounts were correct. The average amount overcharged was £1,412 a year while the undercharging amounted to £956.

Bankchek ascribed the high error rate to poor administrative systems.

Acquiring the book-keeping habit

Barclays Bank is offering a choice of three free book-keeping products to new business customers to get them into the habit of maintaining up-to-date financial records. Cashflow management difficulties are one of the most frequent problems businesses face, the bank said.

National Westminster Bank, meanwhile, is to start advising customers in advance of account charges from Friday, March 5. NatWest is the first of four large clearing banks to take this step.

Factoring volumes stagnate

Worldwide factoring volumes stagnated in 1992, according to Factors Chain International, an international network of factoring companies. The turnover of companies making use of factoring was $264bn (£174.4bn), against $266bn for 1991.

Factoring activity declined in Europe from $165bn to $151bn but increased in the Americas from $73bn to $79bn and in Asia from $26bn to $32bn. The Association of British Factors and Discounters, representing the large UK factors, said last month that business in the UK increased 13 per cent to £16bn in 1992.

A chance to influence BSI policy

The British Standards Institution has set up a policy committee for small businesses following complaints from some small firms that its BS5750 quality management standard was too onerous. The committee is to look at this and other aspects of BSI's activities where a small firms' view is needed.

Chairman of the committee is Roger Dunn, founder and managing director of Arcontrol, a manufacturer of electrical switchgear employing 70 people. The committee's first chance to influence BSI policy will come at a BSI board meeting in May.

Creating a network for investors

Private individuals invest many times more in small businesses than the formal venture capital sector in the US. But efforts to create a similar investors' network in the UK have had only very limited success.

A new attempt to form such a network has come in the shape of The Capital Exchange, a members-only organisation which publishes CX Monthly, a newsletter to help investors find businesses seeking finance and businesses seeking joint venture partners. The organisers, a group of Hereford businessmen headed by Nigel Lacy, a former bank manager, plan to launch a scheme for syndicating private equity investments later this year.

Contact The Capital Exchange, Wyvern Centre, Barrs Court Road, Hereford HR1 1EG. Annual membership £60.

Cross-border barriers surveyed

The barriers to cross-border venture capital investments is the subject of a two-month survey initiated by the European Commission. The survey, by accountants KPMG Peat Marwick, will identify the type of information where difficult access may be an obstacle to cross-border syndications.

Cross-border deals have not taken off as many venture capitalists expected and the EC is keen to increase activity following the creation of the single market.

BUSINESSES FOR SALE

Touche Ross

ERA Holdings Plc

formerly Jack Knight Group Plc

(In Administrative Receivership)

The Joint Administrative Receivers, A. P. Peters and J. B. Atkinson, offer for sale the business and assets of Engineering Research and Application Limited and Wolverhampton Precision Engineering Limited.

Engineering Research and Application Limited

(In Administrative Receivership)

- Turnover in excess of £1.6 million per annum, with order book of £0.6 million.
- A leading European automotive engineering consultancy, specialising in engine and component testing, system design and prototype manufacturing, with emission testing approvals for Europe, United States and Far East.
- Prestigious customer base of blue chip OEM and component suppliers.
- Comprehensive testing facilities include 15 fully equipped engine test cells, emissions laboratories, and unique vehicle testing environmental chamber.
- Experienced and highly qualified specialist work force.
- Extensive freehold premises in Dunstable, Bedfordshire.

Wolverhampton Precision Engineering Limited

(In Administrative Receivership)

- Turnover of over £0.9 million per annum, with order book of approximately £0.3 million.
- BS5750 (ii) approved manufacturer of components for the Bus, Truck and Defence industries and Automotive related after market.
- Small highly skilled work force.
- Modern CNC milling/turning equipment in addition to conventional gear cutting facilities.

For further information and a sales brochure please contact Andrew Peters or James Grenfell at the address below.

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Colmore Gate, 2 Colmore Row, Birmingham B3 2BN.
Tel: 021 200 2211. Fax: 021 236 1513.

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Touche Ross

East Midlands Master Bakery

(For Sale)

The Receivers L K Denney and J Wilson offer for sale the assets of Henry Brown (Bakery) Limited of Nottingham.

- Bakers of high quality, craft products.
- Skilled work force and management - 110 people. Bakery occupies approx. 22,000 sq. ft. long leasehold site in Nottingham, but adjacent to M1, M42 Motorway network.
- Annual Turnover has been £3 million, now down to nearer £2 m.
- Excellent customer base including national supermarket chains.

For further information contact:

Deloitte Touche Tohmatsu International

Lindsay Denney or Chris Hornsby at: Touche Ross & Co.,
1 Woodborough Road, Nottingham NG1 3FG.
Tel. 0602 500511 Fax. 0602 590979

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Touche Ross

G. E. Foxton Limited

(In Administrative Receivership)

John Wilson and Lindsay Kennedy Denney, Joint Administrative Receivers, offer for sale the assets and undertaking of the above specialist fabricators and installers of steel and aluminium windows, doors, curtain walling, roof lights, patent glazing, entrance screens etc.

- Business established in 1949.
- Leasehold premises. Production area and office accommodation extending to approximately 5,000 sq ft.
- Workforce comprising 4 production, 5 installation and 5 administration staff.
- Last recorded turnover £1.36m.

For further particulars please contact John Wilson, the Joint Administrative Receiver, or Dian Wardle at the address below.

Deloitte Touche Tohmatsu International

1 Woodborough Road, Nottingham NG1 3FG.
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Tennant House Holdings Ltd.

Macclesfield, Cheshire

The Joint Administrative Receivers offer for sale the business and assets of Tennant House Holdings Ltd.

Principal features include:

- Mail order retailers via Stockingfillas, Kid's Stuff and Montrose catalogues.
- Turnover in excess of £4 million.
- Long leasehold modern offices and warehouse – approximately 32,000 sq ft.
- Well established business with many years trading experience.
- Experienced workforce.

For further information contact the Joint Administrative Receivers, Philip Ramsbottom or Peter Terry, KPMG Peat Marwick, 7 Tib Lane, Manchester M2 6DS. Tel: 061 832 4221. Fax: 061 832 7265. Telex: 668265 PMMMAN G.

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Hospitality Inn	Pensacola, FL	81	Summit Hotel	Dallas, TX	376
Landmark Hotel & Casino	Las Vegas, NV	Site	Carlton Place Hotel	Toronto, Ontario	528
Hampton Inn	Valencia, CA	129	French Quarter Suites	Atlanta, GA	155
Lake Arrowhead Hilton Resort	Lake Arrowhead, CA	261	Travelodge Viscount	LAX Airport, CA	567
Los Angeles Airport (Marukol) Hotel	LAX Airport, CA	178	Travelodge Hotel	Miami Airport, FL	264
Holiday Inn	San Francisco, CA	389	Travelodge Hotel	Atlanta, GA	180
Doubletree Club	San Diego, CA	210	Travelodge Viscount	Denver, CO	209
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Principal features include:

- Established product range produced by an experienced workforce.
- Annual turnover of £6 million.
- 4 acre freehold property.
- Flexible manufacturing plant and equipment.

For further information contact:
Mr. A. J. Sharpe, Nestlé UK Ltd,
St. George's House, Croydon, Surrey CR9 1NR.
Telephone: 081-667 5187. Facsimile: 081-667 1830.

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- excellent blue chip customer base
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- modern leasehold property at Somercotes, Alfreton, Derbyshire, 65,000 square feet
- quality modern computerised joinery and woodworking equipment
- £6.8 million turnover.

For further information please contact Jill Howsam at Coopers & Lybrand, Cumberland House, 35 Park Row, Nottingham NG1 6FY. Tel: 0602 419066. Fax: 0602 410192.

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SANITAN

BC Sanitan

The Joint Administrative Receivers, offer for sale, as a going concern, the business and assets of this established group of Companies who are market leaders in traditional bathrooms.

Principal features of the business include:

- designs, copyrights and trademarks of exclusive high quality bathroom products
- annual Group turnover of £3.7 million
- 38 full time employees
- established customer base, with product displays in over 300 retail outlets
- four leasehold premises, in Reading, Birmingham (2) and Wakefield
- group includes Jackson Brassware Limited, a bathroom brassware assembly business based in Birmingham.

For further information please contact J M Iredale FCA, Joint Administrative Receiver at Coopers & Lybrand, 9 Greyfriars Road, Reading, Berkshire RG1 1JG. Tel: 0734 597111. Fax: 0734 607703.

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GREEK EXPORTS S.A., established in Athens (17 Panepistimiou street) and legally represented in its capacity as Liquidator, of the societe anonyme MARITIME IRONWORKS - NAFSI, established in Piraeus, and in accordance with article 46a of Law 1892/1990, supplemented by article 14 of Law 2000/1991 and after decision No. 1209/1992 of the Piraeus Court of Appeal, and with the written statement (incoming ref no. 162/12.2.93 and 174/18.2.93) of the creditor of paragraph 1 of the above article.

ANNOUNCES

A repeat public auction for the highest bid with sealed, binding offers for the purchase, in toto, of the assets of societe anonyme named MARITIME IRONWORKS (NAFSI) S.A. which is under special liquidation and based in Piraeus at Salaminos and 34 Methonis Street

ACTIVITY AND BRIEF DESCRIPTION OF THE COMPANY UNDER LIQUIDATION

NAFSI operates on rented premises owned by the Piraeus Port Authority. It is engaged in the building, repair, conversion, upgrading and breaking of ships and other craft, as well as all types of machine-shop works.

The Company under liquidation owns one building consisting of a ground and first floor and covering the entire plot of 1,195m², at Salaminos and 34 Methonis Street in Piraeus. The building houses the company's head office and the greater part of the ground floor is used for the manufacture of ship's propellers.

TERMS OF THE AUCTION

1. In order take part in the auction interested parties are invited to receive from the Liquidator, the Offering Memorandum which describes in more detail the assets of the Company for sale, its obligations and the necessary procedures for its transfer, as well as the form of the Letter of Guarantee needed for the submission of a binding offer to the Athens notary public assigned to the auction, Mrs Andriani-Dimitra Zafiropoulou-Economopoulou at 18 Voukourestiou Street, 5th floor, Tel. 30-1-36.18.249 up to Monday 29th March 1993 at 19.00 hours. Bids must be submitted in person or by a legally appointed representative.
2. The bids will be unsealed before the above notary on Tuesday 30th March 1993 at 11.00 hours with the Liquidator in attendance. All those who have submitted bids within the prescribed time limits can also attend. Bids submitted beyond the prescribed time limits will not be accepted or considered.
3. The sealed, binding offers must clearly state the price offered for the purchase, in toto, of the Company's assets and must be accompanied by a Letter of Guarantee from a bank legally operating in Greece, for the amount of fifty million drachmas (50,000,000 drs.) or its equivalent in U.S. dollars.
4. The Company's assets and all fixed and circulating constituent parts thereof, such as immovable and movable property, claims, trademarks, titles, rights, etc. are to be sold and transferred "as is, where is" and, more specifically, in their actual and legal condition and location on the date on which the sale contract is signed, regardless of whether the company under liquidation is operating or not.
5. The Liquidator, the Company and the creditors representing 51% of the total claims against the Company (Law 1892/90 article 46a, para. 1 as in force,) known hereafter as the Majority Creditors, shall bear no liability for any legal or actual defects or for any deficiency in the effects and rights for sale nor for the possible refusal of the State to approve, as required, the transfer of elements of the assets, nor for their incomplete or faulty description in the Offering Memorandum and in any correspondence. In event of inconsistencies, entries in the Company's books, as they stand on the date of signature of the sale contract, shall prevail.
6. Prospective buyers, hereinafter referred to as "Buyers", shall be obliged, on their own responsibility and due care, and by their own means and at their own expense, to inspect the object of the sale and from their own judgement and declare in their bids that they are fully aware of the actual and legal condition of the assets for sale. The Buyers are hereby reminded that, in accordance with the provisions of Law 1892/90, article 46a, para. 4 as in force, having agreed in writing to maintain confidentiality, they are entitled to have access to any information they may require concerning the Company for sale.
7. Bids should not contain terms which might prevaricate their bindingness or any vagueness concerning the offered price and its method of payment, or any other matter of importance to the sale. The Liquidator and the Majority Creditors have the right, at their incontestable discretion, to reject offers which contain terms and conditions, irrespective of whether these offers contain a higher price than that of other bidders. Such unacceptable terms would be, for example, requests for the repair, improvement or transfer of fixed assets, or requests for guarantees in the collection of claims in this respect, or compliance with recommendations regarding the security of the installations, or for safeguarding the insurance cover, etc.
8. In the event that the person to whom the auction is adjudicated, fails in his obligation to appear within twenty (20) days from being invited to do so, and sign the relative sale contract and fails to abide by the other obligations accruing from the present announcement, then the above-mentioned guarantee of fifty million drachmas (50,000,000 drs.) is forfeited to the Liquidator in compensation for expenses of any kind, time spent, and any actual or hypothetical loss sustained, with no obligation on the Liquidator's part to furnish any specific proof or deem that the amount has been forfeited to him as penalty clause and collect it from the guarantor bank. Guarantees deposited by other bidders shall be returned to them after the Liquidator's evaluation report has been approved by the Majority Creditors and the highest bidder's guarantee shall be returned to him after he has paid the sale price and the act of settlement has been drawn up and signed.
9. The highest bidder is deemed the one whose offer has been so judged by the Liquidator and approved by the Majority Creditors as being in their best interests.
10. The Liquidator shall not be liable to participants in the auction either with respect to the evaluation report or for his selection of the highest bidder and neither will he be liable to them for the cancellation of the auction in the event that its outcome is not approved by the Majority Creditors.
11. Participants in the auction do not acquire any right, claim or demand from the present announcement or from their participation in the auction, against the Liquidator, for any cause or reason.
12. Transfer expenses of the assets for sale (taxes, stamp duty, notarial and mortgagor's fees, rights and other expenses for drawing up topographical diagrams as required by Law 651/77, etc.) are to be borne by the Buyer.
13. Those taking part in the auction will be committed to keep the enterprise operating in its present form.

Interested parties should apply for further information to:
a) The head office of E.T.B.A. S.A.
Directorate of Public Holding
87 Syngrou Avenue (2nd floor), Athens.
Tel. 30-1-92.94.395 and 30-1-92.94.396
b) GREEK EXPORTS S.A.
17 Panepistimiou Street (1st floor), Athens.
Tel. 30-1-32.43.111 to 115

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FINANCIAL TIMES

BUSINESS AND THE LAW

LEGAL BRIEFS

Former head of merger task force joins Allen & Overy

MR COLIN Overbury, the outgoing director of the European Commission's merger task force, has joined the international London-based law firm Allen & Overy as a consultant on competition issues.

Mr Overbury, who qualified as a solicitor in 1955, joined the European Commission in 1973 and was put in charge of competition in mechanical, electrical and electronic industries in 1984. From 1986 to 1990 he was in charge of competition for financial services, media, telecommunications, information technology and all manufactured products including motor vehicles.

In 1990, Sir Leon Brittan, then competition commissioner, asked Mr Overbury to set up and head the merger task force. He is widely credited with its success in making important decisions within the tight deadlines of the EC Merger Regulation.

Software ruling

IN A test case for the copyright of computer software, the English High Court has ruled that a plaintiff can establish an infringement without showing that his software code has been literally copied.

The case is of great significance to software developers and owners. Previously, the law had been unclear in cases where "the look and feel" of one program duplicated another, according to solicitors Dibb Lupton Broomhead, who acted for John Richardson Computers, the successful plaintiff.

The Court said that non-literal aspects of a computer program could infringe copyright. The plaintiff did not have to show copying of a substantial part of the structure and organisation of the program even where the program source code had not been copied.

A good life at the top of the charts

Robert Rice unveils the results of an FT poll of legal firms

Clifford Chance, the UK's largest law practice, has emerged as the leading UK commercial law firm in the 1992 FT law firm poll of polls.

The group's move to the top of the table, ahead of Linklaters & Paines and Slaughter and May, both of which were ahead of it in 1991, suggests it is now reaping the rewards of the ambitious 1987 merger between Clifford Turner and Coward Chance which led to its formation.

The overall strength and depth of the firm's base is reflected in its high ratings across the complete range of performance indicators used in the FT poll. Profitability remains the only area where it lags behind its main competitors, its weak showing in Legal Business magazine's table of the most profitable law firms being largely due to extraordinary costs associated with a move to new City premises.

Although perhaps not yet enjoying the reputation of Linklaters and Slaughters, it appears to be "benefiting from a more competitive pricing policy" than some of its rivals, according to one City observer.

Linklaters, ranked second, also had an exceptionally good year being involved in most of the big transactional deals during 1992 and continuing to benefit from the strength of its international capital markets work. The firm would have finished as a clear leader but for its lack of involvement in the main management buy-outs of 1992.

The 1992 poll also confirms the existence of a "super group" first identified in 1991. These top five firms continued to move ahead in 1992 in spite of the depth of the recession largely through the strength of their international practices and their domestic, corporate and financial client base, which allowed them to tighten their grip on high quality, high value work.

Mr James Wyness, joint senior partner of Linklaters, says 1992 was a year in which to be grateful for a strong corporate and financial client base, a view echoed by Mr Giles Henderson the new senior partner of Slaughter and May.

In terms of the domestic market for legal services, 1992 was very tough and increasingly competitive. For the big firms this meant concentrating more on tailoring their services to client needs and learning to be flexible on fees.

Companies began to recognise in increasing numbers that the recession had changed the marketplace and that they could now exert a much greater influence on the legal services they purchased and on what those services cost.

In spite of the recognition by most law firms of the need to be flexible over fees in these market conditions, the top UK commercial practices were caught off balance in the autumn by a league table published by the International Financial Law Review which suggested that the average hourly rate for legal advice from a partner in a leading City of London law firm had risen by 20 per cent in the last 12 months.

IFLR labelled UK commercial law firms the most expensive in the world, charging $235 an hour more than their US counterparts. If, in practice, they had demonstrated the need to be flexible on fees, they had failed to get that message across to the public. Some firms had even found themselves attacked for apparent inflexibility.

In spite of difficult market conditions, the top 10 firms all appear to have enjoyed a relatively successful year. Figures published last September by Legal Business for the 1991/92 financial year showed revenues holding up very well in the early part of the year.

The top six firms all had turnovers roughly equivalent to £1m per partner. Clifford Chance the UK's largest law firm had a turnover of £244m, comparing well with American firms of similar size such as Skadden Arps (£280m), Baker & McKenzie (£273m) and Jones Day (£232m). Linklaters (£154m), Freshfields (£135m), Lovell White Durrant (£120m), Slaughter and May (£113m) and Allen & Overy (£112m) also compare favourably with their US counterparts.

All of them say that since April they have managed to maintain revenues and that, if anything, business has picked up. The 1992-93 figures are likely to show continued growth for these six.

The explanation for this success can be found partly in the counter-cyclical nature of some sectors of the legal services market and partly in the strength of the firms' international practices.

Mr John Pritchard, editor-in-chief of Legal Business magazine, says that all the leading firms have benefited from the huge increase in corporate restructuring and refinancing that has accompanied the recession. But two firms in particular, Allen & Overy and Lovell White Durrant, have shone out, he says.

Mr Bill Tudor John, managing partner of Allen & Overy says his firm has had a particularly good year because of the strength of its banking and insolvency practice.

Allen & Overy had a hand in most of the big insolvencies and debt reschedulings in 1992, acting for the administrators of the Maxwell private companies and Canary Wharf and for WPP, Guinness Peat Aviation, Heron Corporation and News International in their reschedulings.

On the international front, Linklaters, Allen & Overy, Slaughter and May, Clifford Chance and Freshfields have all benefited from their domination of international capital markets and structured finance work.

The IFLR Eurobonds league table used in the poll of polls is supported by a recent survey, by Euromoney, of senior executives in the Eurobond syndicated loan and derivatives departments of leading financial institutions. That showed that international capital markets are dominated by Clifford Chance and Linklaters with Allen & Overy and Slaughter and May vying for third place.

With some 40 per cent of its work now having an international element, it is not surprising that Linklaters and other such firms have found it easier than most to ride the UK recession, Mr Wyness says.

To add insult to injury for those firms fighting for a share of the domestic markets, what little high quality transactional work there was in 1992 also appears to have gravitated to the top firms.

Freshfields, arguably the leading corporate finance law firm, Linklaters and Clifford Chance were all involved in either the £3.7bn Hong-kong and Shanghai/Midland Bank deal or the merger between Reed International and Dutch publisher Elsevier. Linklaters and Slaughter and May were involved in the public sale of Wellcome shares and Linklaters worked all last year on the ICI demerger.

This domination is likely to continue in 1993. Linklaters, for example, has been appointed by the government on both the British Rail privatisation and on the sale of the third tranche of British Telecom.

The picture for those outside the top 10 is not so encouraging. While the UK economy remains in recession, all law firms are likely to suffer to an extent. But it is outside the top 10 that structural problems, born of the boom in legal business during the late 1980s when many law firms grew much too rapidly in size to meet the huge demand for legal services, are likely to make themselves felt in 1993.

LAW FIRM POLL OF POLLS

Firm	Legal 500	Crawford's City Directory: most stock market clients	Legal Business: most profitable firm	International practice (by size)	Acquisitions Monthly: M&A	KPMG: leading MBO advisers	IFLR: Eurobonds	KPMG: new issues	Total (max 160)
1 Clifford Chance	19	18	11	19	17	20	17	18	139
2 Linklaters & Paines	18	19	19	17	18	0	20	20	131
3 Slaughter and May	16	20	20	15	14	8	18	18	129
4 Allen & Overy	15	12	18	11	9	17	19	18	119
5 Freshfields	17	14	18	18	20	0	14	16	117
6 Lovell White Durrant	20	11	17	16	0	19	0	5	88
7 Ashurst Morris Crisp	7	16	15	0	13	17	0	19	87
8 Simmons & Simmons	13	10	13	13	11	0	9	11	80
Equal 9 – Norton Rose	12	15	7	3	19	8	0	14	78
Equal 9 – Herbert Smith	14	17	12	12	15	8	0	0	78

Firms score 20 points for a first place and 0 where there are 20 firms ranked above them in a league table. The FT's table of the top 10 law firms is based on a poll of polls – from a number of publicly available lists and rankings. The polls used in 1992 vary slightly from those used in 1991 to take account of newly published information, in particular the Legal Business table of the most profitable law firms. The 1992 table also attempts to reflect the increasing importance of international work by ranking firms by the size of their international practice.

When to use the national courts

EUROPEAN COURT

The European Commission has published new guidelines on co-operation with national courts in EC competition cases, designed to encourage the use of national courts in the application and enforcement of EC competition rules.

Publication of the guidelines in a Commission Notice has been hastened by three recent developments: the post-Maastricht philosophy of subsidiarity; the European Court's judgment in the *Delimitis* case setting out the procedures which national courts may follow in EC competition cases; and the recent Court of First Instance judgment in the *Automec* case. The Commission relied on that case to justify exercising a discretion as to which competition complaints it should give priority.

Since 1974, the ECJ has recognised that companies and individuals have the right to enforce the EC competition rules in national courts. A line of cases has established the general right to an effective remedy for infringements of Community law.

The Commission Notice rather timidly says that this means that all procedural rights and remedies such as damages, injunctions and interim measures provided by national law should be available to litigants on the same conditions as would apply if a comparable breach of national law were involved. The Commission does not deal with the situation where there is no effective remedy for a comparable breach.

National courts, however, have been reluctant to exercise their jurisdiction for a number of reasons, such as the Commission's exclusive competence to grant exemptions for agreements and business conduct which would otherwise be prohibited as anti-competitive, the often complex economic questions involved, and the absence of specific procedural rules. The Notice sets out to provide sufficient reassurance to overcome this reluctance.

When applying EC competition law, national courts should be guided by formal Commission exemption decisions, as well as any other official statements such as comfort letters, the case law of the ECJ, other Commission decisions, general notices and the block exemption regulations.

In difficult cases the national court is encouraged to stay proceedings to await the outcome of any Commission procedure relating to the same conduct, or seek the Commission's views on certain issues, or refer the matter to the ECJ for a preliminary ruling.

It is envisaged that national courts may, within the limits of national procedural law, request the Commission to provide:
- information of a procedural nature;
- consultation on points of law, including an interim opinion on eligibility for individual exemption;
- and factual data to be used as evidence by the parties subject to availability and the principle of confidentiality.

Replies from the Commission on these points will neither bind the courts nor affect their right to refer questions to the ECJ. The right to request economic market data from the Commission is one of the most obvious benefits of the Notice.

Although bringing an action before a national court may be more expensive than filing a complaint with the Commission, the Commission identifies some of the advantages of court action:
- damages are available;
- injunctions may be available and interim measures may be more readily adopted;
- claims under national and Community law can be combined;
- and legal costs may be awarded.

In spite of such potential benefits, however, the policy of encouraging co-operation raises almost as many potential problems as it seeks to solve. Effective decentralisation may demand a more radical approach along the lines of harmonisation.

BRICK COURT CHAMBERS, BRUSSELS

PEOPLE

St Thomas' Matthews defeats Guy's Griffiths

A battle between two of Britain'a most prominent hospital managers to run the biggest National Health Service trust in London ended in victory yesterday for Tim Matthews, chief executive of St Thomas' hospital.

St Thomas' and Guy's hospital trusts are due to amalgamate into a single trust next month. The eventual aim, based on recommendations of the Tomlinson report into London healthcare, is to combine the hospitals on one site.

Matthews (left) defeated Peter Griffiths (right), chief executive of Guy's, for the new job. The decision is a severe blow for Griffiths, who gave up the high-flying post of deputy chief executive of the NHS management executive in Whitehall to run Guy's when it became a trust in 1991. It is also a blow for Guy's morale – the hospital has frequently been promoted as the flagship of the government's health reforms and a prototype for other trusts.

Lord Hayhoe, who will chair the new combined trust, said yesterday that Tim Matthews' leadership would provide an opportunity to build "the best hospital in London for patients, staff, teaching and research".

Matthews first task, after getting his senior management team in place this month, will be to develop a strategy for combining St Thomas' and Guy's. The government wants proposals for consolidating services on a single site within six months. It has not yet been decided which location will be chosen.

Griffiths, 48, who is expected to leave Guy's soon after the new trust comes into effect next month, said yesterday that he would "continue to provide the maximum support" in preparing for its launch. "I have no doubt that working together Guy's and St Thomas' will be a world beating combination," he said.

Matthewa, 41, was previously district general manager of Maidstone health authority and manager of the Middlesex hospital. Before that he, like Griffiths, worked in the Department of Health.

Non-executive directors

■ Alan Wheatley (left), chairman of 3i Group, at LEGAL & GENERAL.
■ Sir Derek Hornby (right), chairman of the British Overseas Trade Board, the Institute of Management, CECIOS, and Astra Training Services, as chairman of VIDEO ARTS.
■ Sir Brian Goswell, senior partner of Healey & Baker, at BRENT WALKER, the first to be appointed since Sir Keith Bright became chairman.
■ James White, chairman of Ashley Group and former chairman and ceo of Bunzl, at BOWATER Inc to fill the unexpired term of the late Earl of Carrick.
■ William Colacicchi, a partner in Willcox Lane Clutterbuck, at THOMAS WALKER.
■ Stanley Bard at WEST TRUST.
■ Mitchell Barry, chairman and chief executive of Allied Foods, and Fergal O'Dwyer, a director of DCC Corporate Finance, at WARDELL ROBERTS.
■ Geoffrey Turley has retired from BAGGERIDGE BRICK.
■ Peter Jamieson, a director of Robert Fleming Holdings, and Bernard Solomons, chairman of Allied Provincial, at SCOTTISH AMICABLE.
■ Andrew Douglas at QUADRANT GROUP having stepped down as chief executive and is succeeded by David Coghlan.
■ Hamish Grossart at RADIO CLYDE HOLDINGS; Alick MacMillan has retired.
■ Francis Hayes has resigned from AB ELECTRONIC PRODUCTS GROUP following its acquisition by TT Group.
■ Lionel Wernick and Joe Wernick as joint chairmen at The WERNICK GROUP OF COMPANIES.
■ Nicholas Chamberlen, chairman of Clive Discount and of the Lombard Association, as a trustee director of the IMPERIAL PENSION FUND.
■ Bill Slater, chairman of the Mersey Docks and Harbour Company, as chairman of BIFANET, the electronic trading network established by the British International Freight Association.
■ Jamie Borwick, a director of Adam and Harvey Group, at RANELAGH.
■ Robert Fee at MAGNOLIA GROUP.
■ Charles Lenox-Conyngham, former chairman and chief executive of Sealink, as chairman at HARTONS GROUP; he succeeds John Abell who has resigned.
■ Phillip Sober, former senior partner of Stoy Haward, at CAPITAL & COUNTIES.
■ John Robins, group financial director of Willis Corroon Group, at CHURCH & CO.

■ Nigel Robson, a non-executive director of FLEMING EMERGING MARKETS Investment Trust, died on February 25.

Lovering joins Tarmac's trio

John Lovering, Sears' finance director until mid-1992 who resigned from the retailing group at the end of January, has arrived at Tarmac, the UK construction and building materials group which is expected to announce substantial losses for the past financial year. In the newly-created position of chief operating officer, he will be working in harness with Neville Simms, chief executive, and Terry Mason, Tarmac's finance director.

Simms said yesterday: "Tarmac is a very large group and I see us working as a triumvirate. John Lovering will assist me with day-to-day operational management and with business planning and development."

Lovering joined Sears in 1986, becoming finance director in 1988. Last year he was moved to the post of managing director of corporate development and international operations. Sears chairman Geoffrey Maitland Smith commented at the time of Lovering's departure: "He felt his talents were not being utilised."

Before joining Sears, he held senior posts at Lex Service, Grand Metropolitan and Imperial Group.

■ John Millar and David Bryant have been appointed regional chairmen responsible for Scotland and the north west, and East Anglia and the south east, respectively, at PERSIMMON.
■ Keith Calvert has been promoted to become md of Alford Brothers, part of PROWTING.

'CBI activist' for new environment panel

The Confederation of British Industry has set up a new environmental lobbying panel and chosen Harry Robinson, a divisional director of John Mowlem Construction, as its first chairman.

The Environment Protection Panel, which replaces a series of panels concerned with individual issues, is designed to "sharpen the thrust" of the CBI's lobbying effort, according to environment director John Cridland. It held its first meeting on February 4.

Robinson, 63, whom Cridland describes as "a CBI activist", had for the past two years been chairman of the South-Western Regional Council. He has spent 30 years at John Mowlem, and until last year was chairman of the South West Division of the construction group. He remains a divisional director, with special responsibilities including the corporate image; he also says he "gets involved with major projects in the early stages".

Cridland explains that the CBI had been particularly keen to involve someone from the construction industry, rather than a representative from the "classic polluters" such as chemicals or plastics. "Land contamination for instance is very hot on the political agenda," says Cridland. "We are all more concerned than we were – and rightly so – about environmental liability, but the CBI is keen to encourage the setting of effective rules for the future rather than dwelling on the past."

Horizontal slice of European art

William Packer looks back to the works of 1893 at the Musée d'Orsay

The chronological study of a movement's development, or the retrospective account of a particular artist and his work, is the staple of art-historical museum practice. But there are other ways to slice it for the microscope than up and down. The Musée d'Orsay has been looking sideways more and more in recent years, and now, after the success of its contextual studies of Van Gogh and then of Munch in their Paris periods, it has made the horizontal slice much thinner and chosen to see what artists of all kinds throughout Europe were up to in a single year.

The single-year idea is not new – I can remember a modest but excellent show at the Tate in the mid 1970s, of works in the collections made in 1935 – but this is the first I can think of to attempt so ambitious, pan-European a view. As such it can hardly fail to be interesting and enjoyable to anyone of open mind and catholic tastes. Here, cheek by jowl, sit great works alongside manifest oddities, the familiar with the unfamiliar or unjustly forgotten, different views and approaches to the same subject, the different results to be had from similar practice.

A full century ago, 1893, is as good a year as any to settle on, with Europe, *fin de siècle*, at its most cosmopolitan. And if Paris remained at the heart of things, we have for once a French exhibition that does admit of a significant world beyond. The sectional titles set out the possibilities – inspiring places; daylight; primitivisms; science and poetry; intimism and modernity; myths, religions, allegories; muses, nymphs and shepherdesses; crowds, processions, solitudes; artists, writers, musicians.

Every section springs its surprises and pleasures. Here are Prince Eugen (Sweden), with a barn-like castle beneath a wide northern sky, and DeGouve de Nuncques (Belgium), whose strangely lit pink house is a clear anticipation of Magritte, with a row of Monet's Rouen facades across the room. Here are towering cliffs by Mednyanszky (Hungary); a mystical sunset by Sohlberg (Norway); trees on breezy hill-top by Thoma (Germany). Tea, for Casas (Spain), is taken in pregnant silence on the verandah; for Guthrie (Scotland), with gossip in the garden; Kroyer's young lady (Denmark) sits quietly reading beneath the rose bush.

We are given two magnificent Gauguins, a self-portrait and "Otahi", a small but monumental image of a crouching Tahitian girl. And alongside are a Breton girl lying in the sun, by Amiet (Switzerland); a seated Breton girl in blue-striped shawl by the excellent Roderic O'Connor (Ireland); and a quite extraordinary, abstracted painting of Van Gogh's funeral, three broad bands of colour, yellow, purple-black and pink, and a row of orange heads above the pew, by Emile Bernard.

So it goes on, the influence accepted and remodelled, the intuitive sympathy, the unlooked-for correspondence – Burne-Jones's strange grey painting (England) of Perseus stealing, while they slept, the single eye of the Graiae, sisters of the Gorgons; Malczewski's spirit of the whirlwind in the cornfield; Masek's prophetess Libusa (Austria); Moreau's apocalyptic Moses saved from the water. The point of the strength and continuing importance of symbolism throughout the period, too often overlooked in the modernist preoccupation with post-impressionism, is well made.

The academic tradition, vivified by current impressionist example, is also well represented, most especially in the portraits and conversation pieces – Breitner's tall girl before the mirror (Holland); Rosinni's piano lesson (Spain) with Renoir's two young girls at the piano; Corinth's vigorous, cool portrait of the painter Leistikow (Germany); Rothenstein's of the painter Conder, turning to leave the room (England); Serov's of the painter Levitan (Russia); the artist's wife splendid in her scarlet dress by Anders Zorn (Sweden).

Bot most remarkable, perhaps, is the Italian contribution with its technical debt to Pissarro and pointillism, its conscious social realism and over-lay of symbolism and its clear fore-shadowing of the Italian avant-garde, Balla and Boccioni some ten years on. Here are Morbelli's old men in the bleak hospice, and his rice-pickers bent double in the fields; Nomellini's workers at a factory gate; and Pollizza da Volpeda's religious procession in the summer sunshine, at once poignant, memorable and technically advanced.

The Swedish artist Anders Zorn's wife Emma, resplendent in her scarlet dress at their studio in Paris

The show ends with the proto-expressionism of Munch (Norway) and Ensor (Belgium) and a genuflection to Cézanne. There is also the mandatory audio-visual display, usually so resistible but this the most charming I have ever seen: an anthology of rare cinematic vignettes of the period, made by the Lumiere brothers in the streets of all the capitals of Europe.

But interesting as it is, the show is not an unqualified success. With barely 90 exhibits, it is small enough, which is no bad thing; the Orsay space for special shows is constrictive and ill-designed in any case. But such portmanteau shows do hold out the promise of a generous and comprehensive presentation, and here the promise is not truly delivered. The omissions are all too clear, where comparatively few additions, 20 or so, would have more than done the trick. Perhaps the loans were asked for and denied. Yet surely there could have been a Whistler and a Sargent, not say a Degas. And, from a British point of view, why so poor and trivial a Sickert, why no Steer, no Nicholson, no Clausen, no Stanhope Forbes…

"1893: l'Europe des peintres" – Musée d'Orsay, Paris 7me, until May 23

London concerts

Festival of Britten

The Barbican's latest big concert series (February 25 – March 21) is a celebration of Benjamin Britten by the London Symphony Orchestra and a whole galaxy of singers, choirs, instrumentalists and composers, led by Mstislav Rostropovich. He is its artistic director and guiding light; he is conducting most of the concerts, playing the cello in two others, and infusing everyone and everything with his overflowingly generous musical personality.

This is, above all, *his* tribute to Britten, the last of the "three composers who have had the most influence in shaping my musical life": thus he writes in a foreword to the LSO programme book, itself decked with photographs documenting the association of Britten, Pears, Rostropovich and Vishnevskaya – relatively short in clock-time (not quite two decades), infinitely significant in creative terms.

But while the festival may focus on the artistic stimulus – of composer on cellist (and soprano wife) and vice versa – that resulted from this association, its programme is by no means narrowly single-minded. The LSO's opening concert, last Thursday, had no Britten in it but much Britten-by-reflection. The opening item was his little-known 1941 arrangement of the "flowers" movement from the Mahler Third Symphony; the finale was Shostakovich's Fourteenth Symphony, dedicated to him.

Mahler as Britten influence and Shostakovich as Britten's 20th-century artistic companion-in-arms are potent, fascinating subjects that cropped up again for examination in Sunday's two Barbican Hall concerts – the afternoon Borodin Quartet recital (which showed both Britten and Shostakovich learning the metier of string-quartet composition) and the evening LSO concert (which ended with Britten's 1939 *Sinfonia da Requiem*, its anguish and consolatory calm deeply imbued with the spirit of Mahler's Ninth Symphony). This intelligent artistic cross-referencing adds to the excitement of the whole enterprise.

Another strand concerns Britten as enlightened patron of younger composers such as Robert Saxton, Oliver Knussen and Colin Matthews. All three are featured during the series; for Thursday's concert the LSO had commissioned Matthews's *Memorial*. This sombrely impressive single-movement threnody attempts to capture in music a war-vision something like Lutyens's "great untriumphal arch" at Thiepval, commemorating the fallen of the Somme (where Matthews's grandfather is buried).

A single pedal-note tolls in the bass throughout the 20-minute length. Above it, reflections of two of Britten's most impassioned musical war-protests, the *Sinfonia da Requiem* and the *War Requiem*, seem to play on Matthews's harmonic language and the carefully graded evolution of his orchestral writing from grim chordal stasis to hallucinatory fast flourishes. The concentration on rhythmic variety-in-unity that has preoccupied so much of his recent orchestral composition – fast-moving, exuberantly punchy – here works up a powerfully intense effect of slowly unfolding lamentation, dignified yet forcefully disquieted.

This concert series at the Barbican is, above all, Rostropovich's tribute to Benjamin Britten

On Sunday evening, alongside the *Sinfonia da Requiem*, there was another Britten composition presaging war: the Piano Concerto, a bittersweet cocktail of Shostakovich raucousness, Prokofiev-like virtuoso glitter and wit, and Britten's own angular, quintessentially English lyricism. It was expertly mixed and shaken by the pianist Berry Douglas and the vast batteries of the LSO.

As a Britten conductor Rostropovich responds with an uninhibited fervour that nevertheless proves apt only some of the time. He gave the Simple Symphony so fiercely loving and drawn-out a bear-hug that its "Sentimental Saraband" all but collapsed under the strain; the slow sections of the *Sinfonia da Requiem* were likewise distended. Even then, however, while longing for a lighter touch and a sharper sense of half-lights and expressively glancing orchestral effects, one tends to find oneself disarmed by his all-embracing Britten enthusiasm. (The festival is supported by Britten-Pears Foundation and Britten Estate.)

Max Loppert

Earlier on the opening evening of the festival there was real Britten to be heard, though only for a select number of the audience. In the intimate setting of St. Giles Cripplegate students of the Guildhall School of Music presented *Curlew River*, the first of Britten's three Church Parables.

Even when they are encountered straight after work and in a church in the very centre of a city, far from the hallowed rustic silence that the composer had in mind, these remarkable pieces cast a unique spell. *Curlew River*, a Japanese Noh play transferred to the misty fenland of East Anglia and given a Christian slant, is probably the best of them. Its music is spare, infinitely sensitive to the touch; its atmosphere is haunting.

Various student groups have tried their hands at the Church Parables over the years, but the Guildhall's production, in the care of Jonathan Alver, came closest to the exaggerated Noh-style gestures of the original. The vocal parts, including Mark Milhofer's plangent Madwoman and Mark Evans's sturdy Traveller, were without exception well taken. Every good festival has its fringe activities and the success of this one reflected well on the main programme.

Richard Fairman

'The Juliet Letters': Elvis Costello and the Brodsky Quartet

"This is no more my stab at 'classical music' than it is the Brodsky Quartet's first rock and roll album" warns Elvis Costello in the sleeve notes to *The Juliet Letters*. The release of the disc, and the performance at Drury Lane on Sunday, are the latest stage in Costello's carefully calculated move away from the rock background of his earlier work and towards something (not "that junkyard named 'Cross-Over'" he insists) that he clearly hopes will prove to be richer and stranger.

With sublime hindsight hints of growing disaffection with the direction of his career could be traced through Costello's last two albums, *Spike* and *Mighty Like a Rose*. But neither of those patchy collections contains anything to anticipate *The Juliet Letters*, in which he seems to have abandoned almost every shred of his past work and started again from scratch, working with the members of the Brodsky Quartet on a sequence of songs for which the writing credits are shared equally.

The intentions may have been honourable enough, but the result is hugely disappointing; in submerging himself in this collectivity Costello seems to have sacrificed almost all his creative identity as a songwriter. There are just flashes of his best work, an occasional twist to a vocal line or a familiar modulation, but the hard acerbic edge to the songs has all but gone; the rhythms of the lyrics are flatter, less abrasive, and the emotional power has been drastically dimmed.

The textures of a string quartet marry uneasily with Costello's voice; there are songs in the set in which the accompaniment would undoubtedly be far more effective on a guitar-based band, while at best the string figures simply blur the melodic shapes. Promoting the Brodsky from a perfectly decent string quartet into creators in their own right has really added little; the accompaniments and interludes which the players invent for *The Juliet Letters* simply paraphrase choice nuggets of their mainstream repertoire – a Bartók pastiche here, some Shostakovich or Britten tags there. It is not surprising there is little sense of coherence, while hearing some of their words put into Costello's mouth only reminds one of the power his own lyrics regularly generate.

In live performance, with a sound very faithfully duplicating the recording, the anodyne effect of the songs was if anything emphasised. Costello sings them well enough, standing among the quartet to underline the blamelessly democratic basis of the exercise. No one could deny the finest British singer-songwriter of his generation has not earnt the right to experiment, to explore new directions; it is the extent of Costello's failure here that is so surprising; the huge sense of disappointment that is hard to accept.

Andrew Clements

Theatre Royal, Drury Lane; "The Juliet Letters" on Warner Bros 9362 45180-2

Theatre/**Alastair Macaulay**

The Magic Fundoshi

This triptych of short Japanese plays were written in Kyogen style by Donald Richie, the British authority on Japanese film, during his 50 years in Japan. Kyogen drama, as Richie has written, is "satyr-play, anti-masque; it is Pyramus and Thisbe to Noh's Theseus and Hippolyta." And all three of these are miniature comedies in nicely bawdy vein. *Perfect Servants* is like an erotic joke by Marivaux; *The Magic Fundoshi* is like a dirty rewrite of *The Emperor's New Clothes*; and *The Misplaced Goddess* is like a Whitehall farce set in a temple.

They are, however, acted here with laborious cuteness and zero finesse. I am sure that Glen Goei and Stephen Night, who co-direct, know far more about Japan than I; but this, surely, is Japan for tourists. David Tse, Adrian Pang, Danlie York and Andrew Mallett perform with an archness that implies that (a) "We're being Japanese, and refined, and quaint" (b) "You couldn't take any of this seriously, it's too silly" (c) "But aren't *we* a hoot". Everything smacked of schoolboy theatricals. I think I laughed once, but have forgotten when. *Not* when the Lady Chibusa (Mallett) reads *Hello* magazine, anyway.

Acted with more authority, these plays could probably be enchanting. (Alas, there is always an audience to cherish crummy nudge-nudge acting, and the audience at Hammersmith's Lyric Studio chortles merrily.) Richie has a comic gift, which only falters in the climax of *The Misplaced Goddess*. The real goddess appears, and tells off these men for underestimating women – an apotheosis evidently intended as a feminist *dea ex machina* idea. But its feminism is expressed with such p.c. deadness that it seems to have been written by a *machina* for a *machina*, with no serious *dea* or idea in its head.

At the Lyric Studio, Hammersmith, W6, until March 20

Recital/**Richard Fairman**

Dmitri Hvorostovsky

The noisy enthusiasm which greeted this recital suggests that Dmitri Hvorostovsky is well on his way to becoming a fully-fledged matinee idol. With arms outstretched and head held high, a smile of audacious pride allowed to creep across his face as he polishes off another song to his own satisfaction, Hvorostovsky is clearly practised at how to play the part.

For the young Russian baritone who rocketed into public awareness when he won the BBC Cardiff Singer of the World competition in 1989 fame was won quickly. He has, however, worked in earnest to further his standing. His matinee recital at the Queen Elizabeth Hall on Sunday was no mere after-lunch selection of favourite titbits from the celebrity singer's sweet-trolley. This was a serious programme of Russian song at its most demanding.

The first half was all Tchaikovsky. By chance the audience included the Russian mezzo Olga Borodina (in London to sing Berlioz's *La Damnation de Faust* at the Royal Opera) whose Tchaikovsky recital at the Edinburgh Festival last year was so unforgettable. Comparisons are difficult to resist: if Borodina was the more determined to get to the heart of each song, Hvorostovsky was also musically eloquent, dramatically varied.

Occasionally there were odd phrases in these songs where the baritone's instrumental shaping of the vocal line recalled old recordings of bel canto singers of the past. But when he sings out, especially at the top, the voice does not grow in size and brilliance as one might expect. The top notes at the end of "Be it day that reigns", with the singer proudly inviting applause and Mikhail Arkadiev thunderously coming close to drowning him at the piano, suggested both of them thought that he was making more noise than he really was.

The pleasure of the recital came out in the thrill of hearing a fine voice in full flood, as Hvorostovsky might suppose, but in the beauty of so much of the singing, its malleability, its sensitivity to colour. Of the Tchaikovsky songs, "Amid the din of the ball" stood out for its conversational intimacy and "On yellow cornfields", a marvellous song with room to spare. Musorgsky's *Songs and Dances of Death* were not monochrome sepulchral black, as they were with Christoff and Nesterenko, but subtly contrasted studies of Russian gloom.

Encores included a pair of arie antiche and Bellini's *I Puritani*, suavely sung, the breath control as remarkable as ever. By that point it was no doubt a sensible idea to vary the programme, but it is Hvorostovsky's accomplishment as an imaginative and serious interpreter of Russian song that will stay in the memory. Now that so many young Russian singers are coming forward who fully have the measure of this repertoire, there is no excuse for audiences in the West to ignore it.

INTERNATIONAL ARTS GUIDE

■ **AMSTERDAM**

Muziektheater Tonight and tomorrow: Dutch National Ballet in choreographies by Balanchine, Ted Brandsen and Martha Graham. Thurs and next Mon: Glen Wilson conducts Pierre Audi's new production of Monteverdi's Ulisse, with Anthony Rolfe-Johnson and Graciela Araya (in repertory till March 30). Fri and Sat: Jacob's Pillows Man Dancers. Sun, next Tues and Wed: Nederlands Dans Theater (6255 455)

Concertgebouw Tonight: Elvis Costello and Brodsky Quartet. Tomorrow: Teresa Berganza. Thurs: Rudolf Werthen conducts orchestral works by Prokofiev, Mozart and Stravinsky, with piano soloist Maria Joao Pires. Sat afternoon: Ivan Fischer conducts Radio Philharmonic Orchestra, with oboe soloist Heinz Holliger. Sat evening, Sun afternoon, Mon and Tues evening: Vasslli Sinaiski conducts Netherlands Philharmonic in Brahms and Richard Strauss, with piano soloist Vladimir Viardo (6718 345)

■ **ANTWERP**

● De Vlaamse Opera's new production of Falstaff, with John Del Carlo in the title role, opens on Fri (six performances till March 16). Stefan Soltesz conducts Gilbert Deflo's staging, designed by William Orlandi (233 6685)

● Nikolai Demidenko gives a piano recital tonight at deSingel. Roel Dieltiens plays Bach cello suites on Thurs (248 3800)

■ **ROTTERDAM**

De Doelen Tonight: Arpad Joo conducts Budapest Symphony Orchestra in works by Bartok, Liszt and Tchaikovsky. Tomorrow: Robert Holl sings Winterreise. Fri evening, Sun afternoon: Frans Brüggen conducts Rotterdam Philharmonic Orchestra in music by Bach. Sat: Monica Huggett plays Bach violin music (413 2490)

■ **BRUSSELS**

Monnaie Tonight: world premiere of Reigen, opera by Philippe Boesmans, libretto by Luc Bondy after Schnitzler. Sylvain Cambreling conducts a staging by Bondy, designed by Erich Wonder (repeated Thurs, Fri, Sun). Sat: Elzbieta Szmytka song recital (219 6341)

Palais des Beaux Arts Tonight: Rudolf Werthan conducts Flemish Philharmonic in works by Prokofiev, Mozart and Brahms, with piano soloist Maria Joao Pires. Thurs and Fri: Ronald Zollman conducts Belgian National Orchestra and Brussels Choral Society in Mahler's Second Symphony. Next Mon: Mulr String Quartet plays Beethoven, Kreisler and Schubert (507 8200)

Théâtre National Tonight: first night of Bettina, a Goldoni adaptation directed by Jean-Claude Berutti. Daily except Mon till March 20 (217 0303)

■ **GENEVA**

MUSIC

Gillian Weir gives a recital on the new organ at Victoria Hall on Sun afternoon (311 2511), followed on Mon by a piano recital by Mikhail Pletnev (310 6611). Francois Rochaix's new production of Dialogues des Carmelites opens next Tues at Grand Théâtre (311 2311)

THEATRE

A two-week run of Robert Pinget's mystery play L'Inquisitoire opens tonight at the Comédie (320 5001). Next Tues at Théâtre de Carouge: world premiere of Monique Lachère's new play about Catherine de Medici (343 4343)

■ **THE HAGUE**

Danstheater Tomorrow: Dance Group Krisztina de Chatel. Thurs, Fri, Sat: Nederlands Dans Theater in Jiri Kylian's Kaguyahime (repeated March 11, 12, 13). Sun: Scapino Ballet Rotterdam. Next Mon and Tues: Dutch National Ballet in choreographies by Balanchine, Marthe Graham and Ted Brandsen (360 4930)

Dr Anton Philipszaal Sat: King's Singers. Sun afternoon: Arnold Ostman conducts Netherlands Radio Chamber Orchestra in works by Gade, Vieuxtemps and Mendelssohn (360 9810)

■ **UTRECHT**

Vredenburg Tonight: Sine Nomine Quartet. Tomorrow: Rudolf Werthen conducts Flamminghi, with piano soloist Maria Joao Pires. Thurs: Robert Holl sings Winterreise. Fri and Sun afternoon: Graeme Jenkins conducts Radio Symphony Orchestra in works by Beethoven, Bartok and Rakhmaninov. Sat: Frans Brüggen conducts Rotterdam Philharmonic in music by Bach (314544)

■ **VIENNA**

OPERA

Staatsoper Tonight, Fri and next Mon: Madama Butterfly with Diana Soviero and Neil Shicoff. Tomorrow: Arabella with Kiri te Kanawa. Thurs: two Richard Strauss ballets. Sat: Die Zauberflöte. Sun: L'elisir d'amore (51444 2955)

CONCERTS

Musikverein Tonight: Rafael Frühbeck de Burgos conducts Vienna Symphony Orchestra in Mahler's Third Symphony. Tomorrow: Anne Sofie von Otter song recital. Fri: Dmitri Sitkovetsky directs New European Strings in Vivaldi and Tchaikovsky. Sat and Sun: Jiri Belohlavek conducts Czech Philharmonic in works by Martinu, Dvorak and Tchaikovsky. March 6, 14: Prof HC Robbins Landon talks about Haydn performance practice, as part of the Haydn concert series this month in the Brahms Saal (505 8190)

Konzerthaus Tonight: Ensemble Aurora in music by Frescobaldi, Gabrieli and others. Tomorrow, Fri, Sat: Jordi Savall directs Hesperion XX. Sun: Richard Goode plays Schubert piano sonatas. Mon: Alban Berg Quartet plays Lutoslawski and Revel (712 1211)

■ **WASHINGTON**

KENNEDY CENTER

Concert Hall Tonight: Gilbert Levine conducts Cracow Philharmonic in works by Gorecki, Chopin and Tchaikovsky, with piano soloist Janina Fialkowska. Thurs, Fri, Sat, next Tues: Jeffrey Tate conducts National Symphony Orchestra in Elgar, Mozart and Mendelssohn, with piano soloist Emanuel Ax (202-467 4600)

THEATRE

● Escape from Happiness: George Walker's new play takes a humorous look at a dysfunctional family. Till March 14 (Center Stage 410-685 3200)

● Antigone in New York: a black comedy updating Sophocles' work to contemporary New York City. Opens Fri, till March 28 (Arena Stage Old Vat 202-488 3300)

JAZZ/CABARET

Barns of Wolf Trap Tonight and tomorrow: Glen Laine and John Denkworth. Fri: masters of folk violin. Sat: guitar wizards (country, blues, jazz). Sun: singer/guitarist John Gorka (1624 Trap Road, Vienna, Virginia, 703-255 1916)

Blues Alley Jazz Supperclub Tonight: John Scofield Quartet. Thurs: singer Joe Morra. Fri, Sat, Sun: Maynard Ferguson and Big Bop Nouveau. Mon: Larry Coryell and Harvey Schwartz, guitar and bass (1073 Wisconsin Ave, in the alley, 202-337 4141)

■ **ZURICH**

Opernhaus Tomorrow and Sun afternoon: La clemenza di Tito with Lucia Popp and Ann Murray. Tomorrow and Sat: Nikolaus Harnoncourt conducts Ruth Berghaus' new production of Der Freischütz, with Inga Nielsen, Gösta Winbergh and Matti Salminen. Fri and Sun evening: ballets by Nijinski, Saint-Leon and others (262 0909)

Tonhalle Tomorrow and Fri: Yakov Kreizberg conducts Tonhalle Orchestra in works by Schumann and Beethoven, with piano soloist Mitsuko Uchida. Thurs: chamber music with Isabelle van Keulen, Tabea Zimmermann and others (206 3434). Sun: Anne Sophie Mutter (261 1600)

Schauspielhaus Tomorrow, Thurs, Fri, Sun: Goethe's Clavigo directed by Hanning Brockhaus. Sat: first night of new production of The Hostage, Brendan Behan's play about an IRA safe house where a British soldier is held prisoner (221 2283)

European Cable and Satellite Business TV

(All times are Central European Time)

MONDAY TO THURSDAY

Super Channel: European Business Today 0730; 2230

MONDAY

Super Channel: West of Moscow 1230.

Super Channel: Financial Times Reports 0630

WEDNESDAY

Super Channel: Financial Times Reports 2130

THURSDAY

Sky News: Financial Times Reports 2030; 0130

FRIDAY

Super Channel: European Business Today 0730; 2230

Sky News: Financial Times Reports 0530

SATURDAY

Super Channel: Financial Times Reports 0930

Sky News: West of Moscow 1130; 2230

SUNDAY

Super Channel: West of Moscow 1830

Super Channel: Financial Times Reports 1900

Sky News: West of Moscow 0230; 0530

Sky News: Financial Times Reports 1330; 2030

PERSONAL VIEW

The beauty of a vote

Reform of bankruptcy law could help revive ailing companies

On both sides of the Atlantic, a debate is taking place about bankruptcy law. There is a lot at stake. When a company needlessly goes to the wall, the overall health of the economy is threatened – to say nothing of lost jobs and wrecked lives.

Bankruptcy law should play an important role in resuscitating financially distressed companies that are inherently sound. But current procedures are failing to deliver. A recent Coopers & Lybrand report concludes that, despite reforms in 1986, UK insolvency procedures too often "bayonet the wounded". In the US, Chapter 11 is thought to be slow, costly and too soft on debtors.

Practitioners have suggested ways of amending current procedures. While many of these changes are sensible, there are more fundamental problems that no amount of tinkering will solve. A radical restructuring of bankruptcy law is needed. We propose a new procedure, which is simple and quick, and gets the balance between liquidation and reorganisation right.

Almost all existing procedures can be crudely classified into two types. In the first type, a bankrupt company's assets are sold off for cash, and the proceeds distributed to creditors according to the seniority of claims. This type of procedure – in essence a *cash auction* – is how Chapter 7 operates in the US, and how most liquidations and receiverships work in the UK.

Cash auctions are attractively simple. The worry is that they lead to the piecemeal liquidation of healthy companies. Of course, in principle, there is nothing to stop someone from making a cash bid for the company as a going concern. The problem is that it is costly to buy the whole of a large company for cash. So even viable companies may be broken up.

To overcome the danger of inefficient liquidation, a second type of procedure has been developed. In the UK, this is the administration order; in the US, it is Chapter 11. Although the details of the UK and US procedures are very different, both can be viewed as forms of *structured bargaining*. The idea is to encourage creditors to agree on a reorganisation plan for the company, including a restructuring of their claims. Crucially, a plan can be agreed by a suitable majority of the creditors: unanimity is not required. Creditors may of course decide to liquidate, and this is how most cases end up.

Reorganisation is a laudable objective, but there is an inherent problem with structured bargaining procedures. Creditors are being asked to make two decisions. First, what should happen to the company – should it be reorganised or liquidated? Second, who should get what – whose debt should be forgiven, and by how much?

Serious conflicts of interest arise when these two matters are decided together. Senior creditors may push for rapid liquidation since they will certainly get paid. Junior creditors and shareholders may want to gamble on the reorganisation process, since they enjoy the upside gains if the company's prospects improve, but do not suffer the downside losses. In structured bargaining, people are not only squabbling over *how* to divide the cake, they are also fighting over *which* cake to divide. This mixing of decisions is a recipe for failure.

We propose a procedure that has the simplicity of a cash auction, but which is flexible enough to allow for reorganisation, without conflicts of interest. At the outset of bankruptcy, an insolvent company's debts are cancelled. The accountant or judge supervising the process then solicits bids for the company. The crucial difference from a cash auction is that bidders can offer to buy the company using as means of payment securities in the post-bankruptcy company.

Suppose the company's managers believe that the bankruptcy was owing to bad luck rather than their bad management. They want to continue running the company, but do not have the cash to buy it outright. Under our proposal, they could bid to retain their jobs by offering equity in the post-bankruptcy company.

Another possibility would be to make a bid comprising cash and equity, where the cash is raised by borrowing against the company's future profits. An outside management team could make the same kinds of bids. And of course anyone is free to make a purely cash bid.

The difficulty in evaluating these various bids is that they are chalk and cheese. How does one compare a cash bid to a non-cash bid? The answer is to transform the former claimholders into shareholders, and then let them vote on the bids. There are a number of ways of doing this.

One market-based mechanism gives all the equity initially to senior creditors. Junior creditors have the right to buy out the senior creditors once the bids are announced: someone owning 1 per cent of the junior debt is given the option to buy 1 per cent of the equity from the senior creditors at a price equal to 1 per cent of the senior debt. Similarly, former shareholders are given the option to buy back the equity from the creditors as a whole.

The merit of this scheme is that it preserves the seniority of claims without requiring an external valuation of the company. No junior claimant need feel short-changed, since he or she can always buy out the senior claimants if he or she thinks their equity allocation is worth more than what they are owed.

Once the new shareholders have been determined, they vote on which bid to accept. If the vote goes in favour of a cash bid, the company is in effect liquidated or sold. If a non-cash bid wins, then the company is in effect reorganised.

The advantage of a vote is that it leaves the decision over the company's future – whether to liquidate or reorganise – in the hands of the (new) owners. And at the moment of decision, these owners' interests are aligned, since they are all shareholders. Moreover, there is no squabbling over the division of the company's value, since the procedure determines this mechanically via the options.

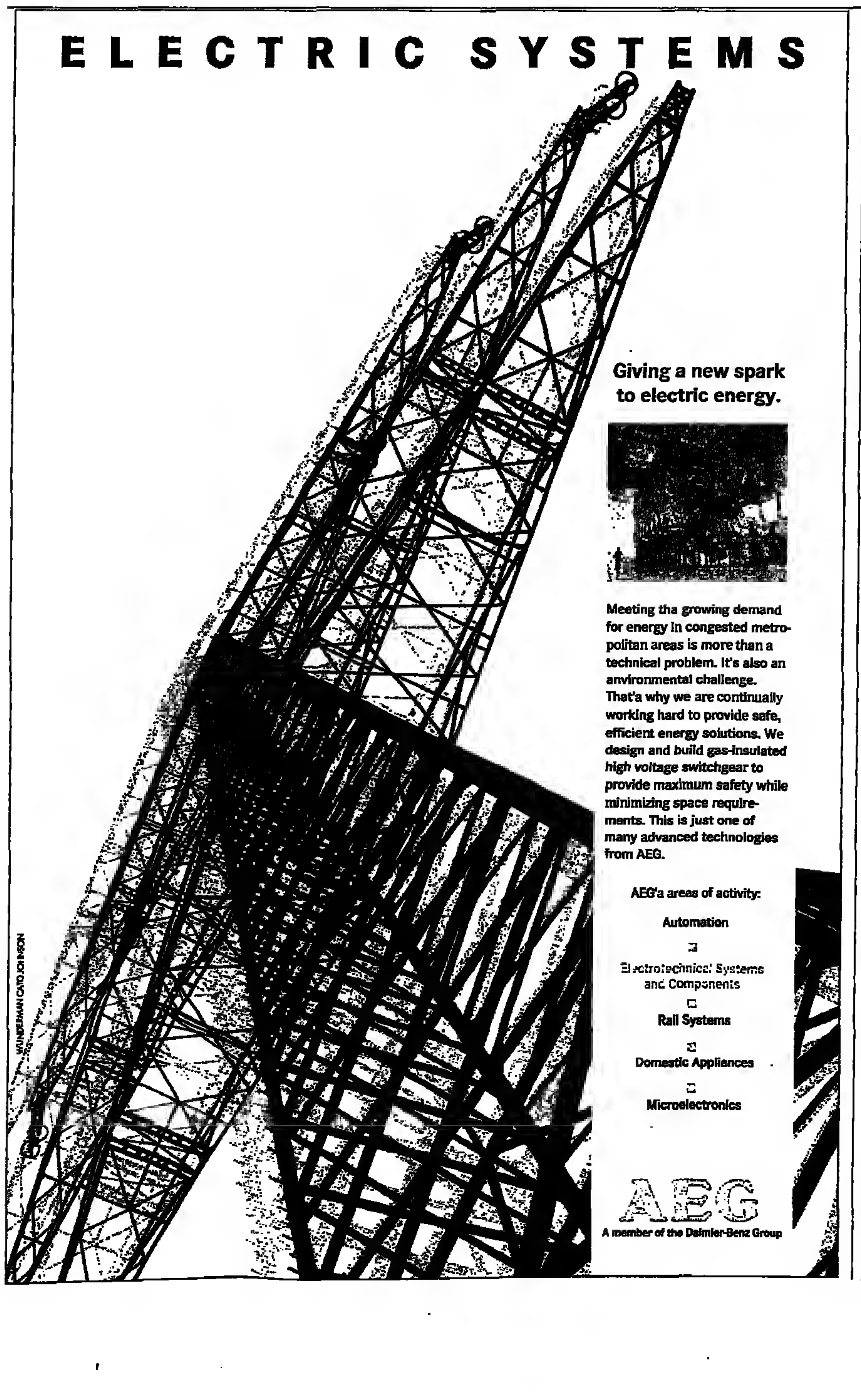
We think our procedure strikes the right balance between liquidation and reorganisation.

Unlike a cash auction, the procedure gives claim-holders the option of maintaining the company as a going concern if the company's bad fortunes are the result of bad luck rather than bad management.

Unlike administration or Chapter 11, the procedure avoids conflicts of interest. It is quick and cheap. And it is not biassed in favour of incumbent management. Managers must persuade the new shareholders to vote them back into office, presumably against a competing cash bid. The threat of losing one's job provides a strong incentive to avoid bankruptcy.

Philippe Aghion, Oliver Hart and John Moore

The authors are, respectively: official fellow at Nuffield College, Oxford; BP visiting centennial professor at the London School of Economics; and professor of economics at the LSE



Joe Rogaly

A colour-blind vision

Police chiefs everywhere will recognise the powerful phrases used by Mr Paul Condon, the new commissioner of London's metropolitan police, at the weekend. "The dire consequences of racially based nationalism, ignorance, prejudice and outright thuggery," he said, "have already been seen to a greater or lesser extent in Italy, in France, in Belgium and of course in Germany." He did not exclude his own country. "Our society is in the process of becoming an even richer mix of races and nationalities," he reminded his audience at a three-day conference on "fairness, community and justice", organised by the Metropolitan police.

His clear implication was that "outright thuggery" is used against Asians, Africans and West Indians in Britain. We all know this. England's assaults on Indians and Pakistanis long preceded Germany's recent murderous attacks upon Turkish guest-workers. On the western side of the English channel, the perpetrators are usually young louts, but sometimes police constables. "This is an area where we must be totally intolerant – intolerant of racially motivated attacks, intolerant of those who indulge in racial abuse, and intolerant of those who use hatred and violence as the tools of their political expression," said the commissioner.

As to the police themselves, "we must be equally intolerant of our own colleagues who fail to meet the required standards. The argument that there is some excuse for poor behaviour because the culture of the service can only be expected to mirror that of wider society ... is simply specious."

Mr Condon's words echo the warnings given to the Los Angeles police by Mr Willie L Williams, the black successor to Mr Daryl F Gates as chief in LA. In saying this, I acknowledge the substantial differences between Scotland Yard and LA law. Blacks constitute a far greater proportion of the Los Angeles population. The ugly beating by four white officers of the black motorist, Rodney G King, on March 3 1991, and the subsequent riots in Watts county, caused much more damage in California than anything that has happened in Britain. The burned-out acres of Watts are evidence of that, as I saw the other day. Yet the fears in both cities are the same.

UK race relations depend on a tacit deal between government and the majority of the electorate that is still suspicious of foreigners

The British theory of assaults on ethnic minorities is that the less said about them the better. The Commission for Racial Equality has so far failed to persuade the government to create a new offence of racial violence. The government does collect figures showing reported attacks. But, although these suggest that there have been sharp increases over recent years, the actual numbers are meaningless, since black or brown victims often believe that there is no point telling the police. Worse, there is plenty of anecdotal evidence to suggest that some younger members of the force automatically assume that the non-white participant in any fight is the aggressor, no matter who started it.

My exposure to such stories started a few months ago with a telephone call from the CRE. It proposed a new set of annual media awards, for sensitive reporting or interpretation of racial matters. Would I be one of the judges in the radio section? A few weeks later 32 tapes arrived – a total of 22 listening hours. Heavens! The only solution was to keep them for the motorway.

What I thought would be a bore turned out to be fascinating. The Britain revealed by these tapes is every bit as multi-ethnic as Mr Condon says it is. Non-whites constitute only 5 per cent of the population but a disproportionate number of them are under 16. These young new Britons may be visible in the streets, but many are indistinguishable to the ear. The really interesting voices were exactly those of natives of these isles. On one tape a Chinese girl spoke with a pure Ulster accent; on another we had a Glaswegian Singh; on a third a Patel of the Welsh vallys. West Indians who speak undiluted Birmingham are well-known; I heard a few as I sped along the M4.

Some of those interviewed, such as Diane Abbott, Labour MP for Hackney North (Harrow County grammar school and Newnham College, Cambridge), have clearly been able to look after themselves; many have not. Accounts of racial harrassment, by pavement thugs or by the very police officers to whom the incidents were reported, were too consistent to be ignored. There is a contrary argument. Some forces have officers whose duty it is to record complaints of racial abuse, and to follow these up. The good intentions are there, but one or two individuals in a large and busy force cannot plod through the huge volume of reported incidents of violence.

None of the above should be taken by contestants as an indication of which tape has won. That is a separate matter, to be decided at the CRE ceremony at the end of the month. The point this morning is that Britain's ethnic community speaks to the rest of us through many hours of airtime. What it says fully justifies Mr Condon's weekend observations. These might serve to increase the propensity of victims to report racial incidents.

Beyond that, it is hard to see what can be done. British race relations are governed by a tacit agreement between the government and the majority of the electorate that remains suspicious of foreigners in general and black or brown ones in particular. The deal is this: whichever party is in government, and whichever the official opposition, will combine to enact an increasingly severe series of laws aimed at keeping non-whites out.

The latest example, debated in the House of Lords last month, is the Asylum and Immigration Appeals bill. On February 16, Lord Bonham-Carter observed that "there is racial discrimination in the way in which the system works at present; and that will become worse if there is no appeals procedure", as there will not be under the new legislation. "I should be surprised," he added, "if the more than one-in-1,000 Americans who were refused ... entry – as opposed to the one-in-five Ghanaians and one-in-27 Jamaicans – were not black."

In return for this restrictive covenant, the native inhabitants of the white homeland of Britain are expected to treat the few Africans, Asians and West Indians in their midst with a degree of decency. Most do. Mr Condon's is the right approach to those who do not.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
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The Duke of Westminster 'should have read Marx'

From Mr Luca Salice

Sir, The Duke of Westminster seems genuinely surprised at the Conservative government's desire to interfere in property rights with tha lease reform hill currently before Parliament.

The Conservatives are clearly trying to remove some power and wealth from the large London estates in favour of tbe professional middle classes that live in West End flats.

This is a case of redistribution of wealth from the very rich to the merely rich.

Had the Duke of Westminster read his Karl Marx as a young man like everybody else, he would have realised that the shifting of the balance of power between social classes is what politics is all abont.

Politicians of all persuasions endeavour to protect or extend the power of some social classes at the detriment of others.

Had the Duke realised that, he might have adopted tbe well-known policy of diversifying one's investments.

Luca Salice,
8 Ascham Street,
London NW5 2PD

A Welsh perspective on the freight transport debate

From A J Gooding.

Sir, In his article "Little Engine Who Can't" (February 15th), Richard Tomkins makes a valuable contribution to the dehate on road and rail as regards freight traffic.

His analysis of the issues is certainly borne out in south Wales, where there has been a dramatic decline in rail freight traffic consequent upon the collapse of the coal industry and the rundown in the steel industry, both of which were virtually captive markets for the railways.

It is of course true that the governmeot and various other agencies have had considerable success in diversifying the economy of the area through inward investment and indigenous growth of manufacturing. But for tbe reasons given in Mr Tomkins' article, this has done little or nothing to halt the decline ln the amount of freight carried hy rail.

I believe that a fresb approach is needed. The government is now more committed than for a long time to promoting transport infrastructure developments.

In these circumstances I suggest that it should commission a detailed study into the viability of estahlishing between a dozen or 20 railway-motorway interchanges with the most modern handling equipment, so that anything from a parcel to a full container load could easily he switched from one form of transport to the other.

I am convinced that if all the important industries within, say, a 20-mile radius of such an interchange were satisfied that freight deposited there between 4pm and 8pm one day would be available for collection at the nearest destination interchange between 6am and 10am the next morning, a good deal of long-haul traffic would be switched.

The truth of the matter is that most of our transport infrastructure is related to an economic structure which no longer exists or which has been transformed beyond recognition and over the years has "grown like Topsy" with little or no regard to an overall strategic plan.

The time has come for a fresh start. While we cannot wipe the slate clean, we should at least take steps to ensure that future infrastructure developments are coherent and meet tbe needs of the next century and not continue to be related to those of an earlier one.

A study along the lines I suggest would he an important step in the right direction.

A J Gooding,
chairman,
Gooding Group,
27 Park Place,
Cardiff,
CF1 3BA

Brian Mulroney 'will not be missed'

From Dr Haroon Akram-Lodhi.

Sir, Your leader, "Mr Mulroney's political legacy" (February 25) suggests that history will be kind to Brian Mulroney. However, the view from Main Street is very diffarent from the view from Southwark Bridge.

Mr Mulroney pursued policies designed to restructure tbe Canadian economy. The results have been: an erosinn of the east-west trade which has historically served as the foundation of Canada's economic logic; a decimation of Canada's manufacturing sector; a loss of tens of thnusands of johs, many nf which have shifted south to the US; and the longest, deepest recession since the 1930s.

By undermining the social solidarity upon which the Canadian federal state is huilt, these policies have been instrumental in worsening Canada's divisions, not only between French and English-speaking Canadians, hut also hetween eastern and western Canadians.

Mr Mulroney will nnt he missed.

Haroon Akram-Lodhi,
Economics Division,
South Bank University,
London

Housing bill and Britain's constitution

From Mr George Donath.

Sir, My regard for the Conservative Party is much enhanced hy its steadfast pursuit of the Housing Bill, albeit in a aomewhat emasculated form, and notwithstanding the loss of the Duke of Westminster's support.

The Duke wishes to use Britain's unwrittan constitution as an impediment to change. It is in fact the opposite, for it permits parliament to update legislation in an orderly fashion, while restricting upheaval to the legislative chamber.

Tbe Grosvenors have a litigious recnrd in both tba British and the European courts.

One would hope that the present Duke will not now set out to try to frustrate parliament's will by either further attacking the principle or searching for loopholes in the legislation.

This can only create hitterness, expense, a modicum of delay and further legislation.

George Donath,
37 Eaton Mews South,
London SW1W 9HR

Politicians ignore national identity at their own peril

From Mr Nicholas Lowson.

Sir, The resignation nf Mr Brian Mulroney, the prime minister of Canada, has garnered a fair share of attention. However, I feel the focus of the commentary has failed to highlight the true reason for the demise of Mr Mulroney's leadership career.

While it is true to say that his tenure suffered from the hlight of economic recession, other issues are more central to his unpopularity. Mr Mulroney, like many politicians, failed to heed the history of his nation and the protestations of the citizenry.

His greatest error was his transgression nn the citizens' ideal of the nation of Canada. He fostered and supported policies that attacked the institutions of the national political and social identity, from simple incidents such as the controversy nver Royal Canadian Mounted Police uniform, to the Meech Lake and Charlottetown Accords.

One must realise that being a Canadian is more than playing hockey and nhjecting to being called an American. There are intangihle aspects that few Canadians can define, but tbey are all too aware of when violated.

A national identity does exist in the hearts and minds of every Canadian, which is huilt up from the aspects of the Canadian social structure and lifestyle.

Brian Mulroney showed too much petulant disdain for that which the man in the street holds dear, and his fate was predictable. Therein lies the true reasons for his fall from grace.

Nichnlas R M Lowson,
Hollyhock Farmhouse,
Guildford Road,
Cranleigh,
Surrey,
GU6 8LT.

The dangers of stereotypes

From Mr Brian McNamara.

Sir, While it may seem mean-spirited, I think you will find that most of your Irish readers would nhject to your characterisation of Brian Mulroney ("Irish charm turns sour on Mulroney", February 25) as an "Irish cbarmer".

Look at it this way – while you would perhaps be comfortahle attrihuting a stereotypically British characteristic (for instance, "stiff npper lip") to a politician of British nrigin, you would think again befnre headlining Jesse Jackson's or Nelson Mandela's "sense of rhythm".

Innncent as it may seem, your Irish charmer label is in fact a stereotype, with more negative images, such as the usual "tendency towards exaggeration" (which was included in the same article), naver far away.

Brian McNamara,
Washington DC,
US

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Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700
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Breaking up British Gas

THERE IS a strong *prima facie* case for some form of break-up of British Gas, and the current Monopolies and Mergers Commission investigation provides an opportunity to do so. Whether the radical dismemberment proposed yesterday by Ofgas is the right way to go remains unproven.

The underlying principle behind the industry regulator's plan is right: competition wherever possible, and monopoly and regulation only where necessary. Ofgas convincingly argues that British Gas's transportation business is the only part of the gas supply market to constitute a "natural monopoly". It would be wasteful to build duplicate pipelines into customers' premises and, provided rivals can get fair access to these facilities, there is no reason why the rest of the gas business should not be competitive.

But is forcing British Gas to sell off 14 different companies necessary to achieve competition?

The case for creating a separate transportation company is compelling. The current integrated structure has made it difficult for competitors to get fair access to British Gas's pipelines. Divestment would ensure fair treatment, as the transportation business would no longer have an incentive to show favouritism to British Gas's marketing arm.

There is also something to be said for breaking the marketing business into 12 competing companies. A more modest proposal would be to remove British Gas's *de jure* monopoly to supply domestic customers. But the group's *de facto* monopoly would be eroded more quickly if it was split into regional companies able to make raids into each others' territories.

More competition would create a greater incentive to improve efficiency, expand the market for gas and deliver a better quality of service. The main objection is political. Competition might lead to prices for some customers going up as cross-subsidies inherent in the system were eliminated.

The least convincing part of Ofgas's plan concerns a separate gas purchasing company. British Gas's dominant position in this part of the market is largely due to long-term contracts signed before privatisation. It is already being forced to sell on some of this gas to competitors and it is not clear that more should be done.

Moreover, most of Ofgas's arguments are theoretical. Before embarking on big structural changes to the industry, it is important that hard figures on the costs and benefits of a break-up are produced. So far the only published figures are a £2bn estimate from British Gas and a £250m one from Ofgas for the break-up costs. No attempt has been made to explain where these numbers come from, although the MMC has been given more detailed figures. British Gas and Ofgas must now make more financial information available to the public. The issue is too important to be decided behind closed doors.

Russia's backyard

AS THE political and economic situation in Russia worsens, the responses of President Boris Yeltsin grow more unpredictable. Already struggling to maintain his political authority at home, he has now touched off alarm bells abroad with careless talk concerning Russia's role in its immediate neighbourhood. In a speech to the centrist Civic Union grouping on Sunday, Mr Yeltsin said that given its "heartfelt interest" in suppressing conflicts around its borders, Russia should be granted "special powers" by the United Nations to act as guarantor of peace and stability to the former Soviet Union.

It is not clear whether even Mr Yeltsin knows what precisely he has in mind. But if – as Russia's wary neighbours and former subjects were bound to suspect – he is demanding some sort of international *carte blanche* to intervene beyond his country's borders, either in defence of Russian interests or in the more general cause of containing instability, he deserves a dusty response from the west. If he is attempting to appease hardliners in his armed forces by promising them a new extra-territorial role, then he is playing a dangerous game which, far from creating a "belt of good-neighbourly, friendly states" around Russia as he says he wants, could merely fan the flames of conflict.

Russia undoubtedly has an overriding interest to preventing the spread of conflict to its south and west: its troops are already in combat in Georgia and Tajikistan, and keeping a fragile peace in Moldova; refugees from these wars represent a further burden on its resources; and fissiparous tendencies abroad could easily infect the Russian federation itself.

It also has reasons for concern about the internal arrangements of some of its peers in the Commonwealth of Independent States. Some 25m ethnic Russians live in other parts of the former Soviet Union, and in some cases – Latvia, Kazakhstan and eastern Ukraine – they constitute nearly half the population. Such communities are a target for anti-Russian sentiment at a time when relations between governments are coming under increasing strain over energy prices, currency links and trade. In Latvia and Estonia, discrimination against Russian minorities represents a flash-point waiting to ignite.

But to acknowledge such interests is one thing; to give Russia a free hand in dealing with them unilaterally quite another. In some of the conflicts on its borders, Russia could conceivably play a useful mediating role. But in many of them, its status as honest broker is not undisputed – and is likely to be further tarnished if it arrogates to itself an open-ended right to intervene in other sovereign states.

The west should tell Russia that it can only hope to resolve such disputes, and take its place in the community of civilised nations, by playing the fullest role in the international body set up to deal with them, the UN. Attempts to bypass that machinery will only make matters worse.

John Birt Inc

THE AVERAGE British citizen has long been entitled to take all possible steps, provided they are legal, to minimise his or her tax bill. But the director-general of the British Broadcasting Corporation is not an average citizen; and the revelation that Mr John Birt's pay has been finding its way into the family coffers via a tax-efficient private company has understandably raised eyebrows.

Yesterday's belated decision to turn him into an employee of the corporation is undoubtedly the right one. But it leaves a disconcerting impression that, just as long as the public remained in the dark, the BBC and its board of governors were happy to live with an arrangement that did not stand up to public scrutiny.

It was certainly a curious arrangement for any director-general of the BBC. By calling himself a consultant and paying himself through a company, Mr Birt was able to offset a wide range of expenses against his remuneration, something which no ordinary employee is able to do. This is particularly unsettling to BBC staff at a time when they are being asked to absorb the effects of a programme of radical change initiated by Mr Birt.

Unlike most of those who are paid under contracts at the BBC, the director-general enjoys several years of tenure. And unlike most television producers who operate under a corporate banner, he does not derive his income from a wide range of sources.

The arrangement was nonetheless agreed by the Inland Revenue and has been sanctioned over a period of many years. There is no way of knowing at this stage how widespread such arrangements are in broadcasting or any other business. Without such knowledge it is difficult to judge the case for prompt action to close this sort of loophole.

Just because a tax avoidance mechanism is legal, it is not necessarily acceptable for individuals in important positions to exploit it, whether they be in the private or the public sector. But more reliable information is needed before it can be judged whether it would be appropriate to tackle the specific loophole which permitted Mr Birt's arrangements. There are good arguments for reviewing the whole structure of corporation tax to address this and other concerns, but not on the basis of tax avoidance by a few television personalities.

The main policy matter to arise from the affair is a reminder that the pursuit of a simple tax system which is widely felt to be fair requires constant vigilance and determination. The fall in personal income tax rates under the Thatcher governments did much to undermine many of the more Byzantine tax avoidance methods, but there is still work to be done.

For the BBC, the main issue is the question mark raised, once again, over the judgment of the board of governors. But it seems no more likely than others in British public life to accept responsibility for an evident blunder.

French banks are beginning another bruising year in their domestic markets, writes **Alice Rawsthorn**

Exposed to chill economic winds

If you ask Mr André Lévy-Lang, chairman of Paribas, the French banking group, how his company is faring, the answer is scarcely cheering. "We had a tough time in 1992," he said, "and 1993 is going to be another difficult year."

Mr Lévy-Lang is not alone. The 1992 figures for Paribas and the other big French banks, due to be published over the next few weeks, will paint an unpleasant picture of sluggish operating profits from their banking activities and steep provisions against losses on property and industrial investments.

The French banks, which include six of Europe's 20 biggest banks, are now beginning another bruising year of struggling with both the short-term pressures of the economic slowdown and the long-term challenge of adapting to life in an increasingly competitive market. The problems could not have come at a worse time for Crédit Lyonnais and Banque Nationale de Paris (BNP), the state-controlled banks which are prime candidates for privatisation if, as the opinion polls suggest, France's conservative coalition wins this month's parliamentary elections.

One of the main difficulties is the sluggish state of the banks' domestic market. The high level of French real interest rates, at more than 7 per cent, has depressed demand for credit among consumers and industry. "Demand for credit is static for the first time since the war," said Mr Michel Pébereau, chairman of Crédit Commercial de France. "This means that the volume of banking activity is very low."

The credit problem has also made it difficult for the banks to respond to the recent rise in short-term interest rates triggered by the Bank of France in its efforts to defend the franc. The bank raised its short-term lending facility, which sets the rate at which banks borrow money, from 10 per cent to 12 per cent in early January. The action was aimed at deterring speculation, by making it more expensive to borrow funds in francs.

This increase also raised the banks' borrowing costs. In normal conditions they would have responded by raising the base rate they charge for loans to their own customers. But they have been reluctant to do so, partly for fear of offending the government, which is anxious to avoid another interest rate rise before the elections, and partly because of concern that higher base rates would further depress demand for credit.

The big banks have left base rates at 10 per cent since December. The French banking association estimates that, since the short-term facility rose in early January, their total borrowing costs have risen by FFr10m (£1.25m) a day. The Bank of France is committed to reducing short-term rates, but is unlikely to make substantial cuts until German rates fall further, for fear of imperilling the franc. The banks have been left in the unenviable position of having to decide whether to struggle on with higher borrowing costs, or to risk losing business by raising base rates.

These problems have been aggravated by the fragile state of the property market, particularly in Paris where average rentals have fallen by 20 per cent over the past three years. Mr Lévy-Lang estimates that the banking industry may have to write off up to FFr70bn on property loans.

Banks have also been hit by the plight of small companies. The number of business failures – mostly small concerns – rose by 7.3 per cent in the year to last August, leaving the banks with a string of bad debts.

As a result, the four largest commercial banks – BNP, Crédit Lyonnais, CCF and Société Générale – have seen their average level of provisions as a percentage of average loans treble from 0.4 per cent in 1989 to 1.2 per cent in the first half of last year. While this level may be relatively high for French banks, however, it is low by international standards. The comparable figure for the four big UK banks in 1992 was 2 per cent. Moreover, French bankers argue that higher provisions, like the credit squeeze, are due to short-term factors.

"We've been through all this before in the mid-1970s and early 1980s," said Mr Marc Vienot, chairman of Société Générale. "The property crisis, business failures and the market slowdown are all cyclical problems which will be resolved when the economy picks up."

So far, there is no sign of a pick-up. The latest Bank of France survey suggests the economy has deteriorated in the opening months of this year, largely because of the effect of the strong franc on exports. Economists expect the strains to continue until after the elections, with the recovery starting in the second half of the year.

"The worst is probably over," said Mr Chris Davis, banking analyst at BZW in London. "The cyclical pressures should have eased by the end of this year and the banks must then address their main structural problem – the high cost of their branch networks."

French banking overheads are high by international standards, with a cost-to-revenue ratio of 70 per cent, against 65 per cent in the UK. The banks are trying to resolve this by shedding staff, which represents 60 per cent of costs. The French banking association estimates that the industry, which employs 430,000 people, is now reducing staffing at an annual rate of 2.3 per cent, against an average of 1 per cent for the past four years.

The banks are also responding to domestic pressures by expanding outside France. The industry has traditionally taken a cautious approach to international investment, with the exceptions of Paribas in capital markets and Crédit Lyonnais with its successful European commercial banking network. However, last month CCF joined forces with Germany's BHF Bank to take control of Charterhouse, the UK merchant bank, and BNP declared an interest in buying Banco de Fomento of Spain.

The most pressing question on the domestic agenda is whether the banking industry's present problems will jeopardise the conservatives' plans to privatise BNP and Crédit Lyonnais. Both state banks have been badly affected by the economic slowdown. BNP, which has adopted the more cautious strategy of the two, saw net profits fall from FFr2.94bn in 1991, to about FFr2.78bn in 1992, and is on course for a modest recovery to FFr3.2bn this year, according to Shearson Lehman, the investment bank.

Crédit Lyonnais is in a more precarious position. It barely broke even in the first half of 1992 and analysts forecast a fall in net profits from FFr3.2bn in 1991 to less than FFr1bn last year. The crux of its problems is the aggressive lending policy, pursued since Mr Jean-Yves Haberer became chairman in 1988, which has left it exposed to a string of corporate catastrophes, including $350m to Olympia & York, the Canadian property group, and $900m to MGM, the stricken US film studio. The bank is also worried by speculation that its MGM exposure is far higher than its $900m estimate.

"Could you privatise Crédit Lyonnais right now? No way," said one observer. "And I wouldn't try selling BNP on last year's figures." However, analysts are confident that both banks should be marketable in two or three years. The most discussed scenario is that Mr Haberer will be replaced at Crédit Lyonnais after the elections and BNP will liven up its image with deals such as Banco de Fomento.

"This certainly isn't the right time to sell either BNP or Crédit Lyonnais," said a second observer. "But there's no reason why they shouldn't be sold in late 1994 or 1995. The whole French banking system should look a lot healthier by then. If there are no more disasters, Crédit Lyonnais might even look like an exciting investment – exciting in the right way."

French banking: no sign of a pick-up

Source: Company accounts and analyst estimates

	1990 Net profit FFr bn	1990 Provisions FFr bn	1991 Net profit FFr bn	1991 Provisions FFr bn	1992 estimates Net profit FFr bn	1992 estimates Provisions FFr bn	1993 estimate Net profit FFr bn	1993 estimate Provisions FFr bn
Banque Nationale de Paris	1.6	7.1	2.9	8.1	2.8	8.1	3.2	7.3
Crédit Lyonnais	3.7	6.5	3.2	9.6	0.8	13.5	1.5	13.5
Société Générale	2.7	6.8	3.4	5.5	3.4	6.0	4.0	5.7
Crédit Commercial de France	0.8	0.1	0.9	1.1	0.9	1.1	1.0	0.8

Banks have been hit by the plight of small companies, as the number of business failures has risen

The pressing question is whether plans to privatise BNP and Crédit Lyonnais will be jeopardised

World Bank's worst-kept secrets

Michael Holman argues for an open approach in Africa

The time has come for the World Bank to open to public scrutiny its relationships with the governments of Africa, just as it has urged the continent's leaders to open up to their citizens. Transparency and good governance demand it.

Instead the bank withholds information. Country reports, sectoral analyses and project evaluations are classified as confidential. Often they are the only source of reliable data in Africa, but bank officials apart, only a handful of politicians and civil servants is allowed access to them. This restrictive approach does Africa a disservice – it stifles debate, protects vested interests and gives structural adjustment programmes a bad name.

Many governments around the world would like to control the information supply, but in Africa it is easier to do so than elsewhere. The private sector is weak, the press is vulnerable, universities starved of resources, think-tanks are almost non-existent. Who can fill the information gap if governments will not? Only the bank.

It already plays an important part. Its 1989 analysis – Sub-Saharan Africa: From Crisis to Sustainable Growth – remains required reading. Hardly a month goes by without a new study on some aspect of the continent's economic crisis. But it is a different matter when it comes to operations in individual countries.

The bank's relationships with some of its African clients are profoundly unhealthy: protective, secretive or defensive, sometimes all three. Governments are too often being given the benefit of the doubt when practice falls short of promise, and presidents' white elephants are indulged.

Take Nigeria: why the circumspection with which the bank handles its biggest customer in Africa? The bank has been the main supporter of the structural adjustment programme launched by President Ibrahim Babangida in 1986. After a promising start the programme ran into serious difficulties, undermined by corruption, weak management and fading political commitment.

But these factors are not evident from a look at the bank's 1992 annual report on the state of black Africa's largest economy. "Growth in Nigeria's GDP and agricultural sectors," it says, "both rose by about 5 per cent to 1991 with total non-oil productions rising by just under 4 per cent. However the combined effect of the political transition and the short-lived effect of the Gulf crisis contributed to *some weakening of fiscal and monetary discipline*" (my italics).

This euphemism conceals a crisis. The unexpurgated view of Nigeria is revealed in a bank report – Public Expenditure Management in Nigeria – not intended for public consumption. It was based on a review conducted in early 1991. In this study, one finds a more enlightening account of Nigeria.

The report tells of "large-scale" spending of oil revenues "outside the purview of statutory controls". It speaks of "a lack of transparency and accountability of big spending decisions". It says that "public expenditures [are] used more to distribute oil riches and generate lucrative business opportunities for selected groups than to ensure efficient delivery of goods and services to the country as a whole".

Ask Nigerians about their economic crisis and most will blame corruption and "sap" – the acronym for the structural adjustment programme, which has become synonymous with hardship, inflation and unemployment. But if they had access to information that the World Bank treats as confidential, they would be better able to see the link between corruption and mismanagement and the failure of "sap". They would gain more insight into Nigeria's plight, and why "sap" was introduced in the first place. This information would not ease the pain of austerity. But at least there would be a better understanding of why "sap" was not working and a more informed debate about alternative strategies.

Of course, the bank has an explanation for the secrecy. Without it, officials argue, governments would *not co-operate. And confidentiality* is clearly important. Yet all too often information that should be in the public domain remains secret. When information about grave mismanagement is withheld, confidentiality overlaps with complicity.

It is now widely accepted that international aid should carry conditions, whether linked to human rights or political accountability. The World Bank should add access to information to that list. The reports and analyses on which adjustment programmes are based should be open to public scrutiny.

Nigeria, which has promised to return to the path of reform, would be a good place to start. Chief Ernest Shonekan, chairman of the country's governing Interim Council, set out the blueprint in his budget in January, together with an appeal for debt relief. Few actions would do more to convince sceptical donors and creditors that he means business than allowing the World Bank to open the books on Nigeria. The governments that object the loudest to such scrutiny would be those with the most to hide.

OBSERVER

One more talking shop

■ Hands up anyone who hasn't yet formed a pro-manufacturing industry lobby group? After the lost years of the 1980s, during which British business apparently forgot how to make anything except Japanese cars, manufacturing is firmly back on top of the agenda.

The CBI, finally bludgeoned into championing the makers of nuts and bolts after its love affair with the service sector, has its National Manufacturing Council, businessman David Turnbull has started the UK Industrial Group, and now a strange bunch of politicians is launching the Manufacturing and Construction Industries Alliance.

It's the brainwave of maverick Tory MP Nicholas Winterton. He's got Robin Cook, the Labour industry spokesman, GMB boss John Edmonds, the Lord Mayor of London and a bevy of industrialists from Rolls-Royce downwards on his side. Indeed, the only weakness is the presence of Winterton himself. Someone closer to the Tory mainstream might have been preferable.

Winterton and his chums can be rather full of themselves sometimes. Even so, the presence of veteran campaigner Des Wilson suggests that it will get its message heard. But why another organisation whose motto "Making things happen" is no different from the CBI's "Making it in Britain"?

It seems Winterton had initially tried to cuddle up to the CBI without success. Nevertheless, all sides are being very polite and the CBI's Howard Davies has even sent a message of support.

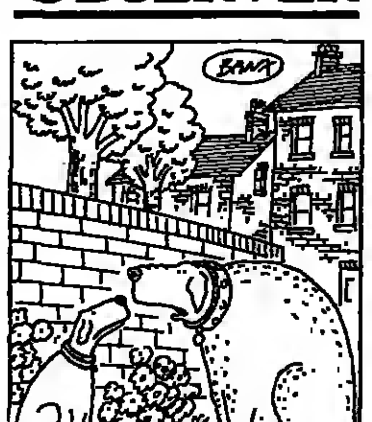
Far East pioneer

■ When it comes to finding well-paid retirement jobs for ex-British ambassadors to Japan, demand seems to exceed supply, judging by the speed with which Sir John Whitehead has been picking up jobs lately.

However, it seems that there may also be an untapped demand for retired Japanese big-wigs. Shijuro Ogata, former deputy governor of the Japan Development Bank, is on Barclays' board, but there are precious few other examples.

Full marks then to Foreign & Colonial which has recruited Kazuo Chiba, Japan's man at the Court of St James until 1991, on to the board of its Far Eastern flagship Foreign & Colonial Pacific Investment Trust. Chiba, with his impeccable English and his considerable cultural versatility, was a tremendous success in London.

F&C's Eric Elstob says he got the idea of recruiting Chiba after he "popped up this winter giving a seminar at the LSE in Far East international relations". The fact that Chiba will be sitting alongside Sir Hugh Cortazzi, Britain's man in Tokyo between 1980 and 1984, may have helped. Even so F&C seems to be living up to its pioneering reputation.



'I'm John Birt's Dog Ltd'

Nothing ventured

■ If anyone doubted Robert Drummond, chairman of the British Venture Capital Association, when he said back in January that one of the biggest challenges facing venture capitalists was raising new funds, they should have been watching the final episode of BBC2's Adventurers series.

The series, based on Drummond's own venture capital firm, Grosvenor Venture Managers, revealed that Grosvenor set out in early 1992 to raise £60m. It was forced progressively to reduce its sights until, by the end of the series, it had gathered in only £7m. On top of this, the two young turks who joined the firm at the start of the series were both quitting.

Drummond may be ruing his impulse to do tha programme, made by the same team which produced Sir John Harvey Jones' successful Troubleshooter series. But it would be a great pity if Drummond's experience deterred others from revealing warts and all on camera.

Troubled brew

■ Given the fanfare accompanying his arrival less than five years ago, the sudden decision by Interbrew boss Jose Dedeurwaerder to quit is mystifying.

He had been hired by the Belgian brewer of that "reassuringly expensive" lager Stella Artois, to consolidate the merger of privately-owned Piedboeuf and Artois, and to expand the company internationally. The simple explanation is that he has completed that job, and successfully. But some suspect he may have trodden on toes on the way – all too easy for the professional manager of a family-owned concern.

The vacancy will be filled temporarily by Jean-Marie Descarpentries, on the board for two years and better known as the former boss of French packaging company Carnaud. He engineered the merger with Metal Box – and reduced his audience to glassy-eyed bemusement with a two-hour philosophical justification of it.

Golden debate

■ Bulls of the gold price may be an endangered species, but they were out in force at yesterday's opening of South Africa's Leeudcorn gold mine. Anton Rupert, doyen of South African industrialists, led the celebrations.

His belief in the yellow metal is no surprise given that his Rembrandt tobacco business has big stakes in Gold Fields. Still, his view that the world has too little gold is at least novel. "It is so scarce," he says, "that all the gold mined since Noah could be fitted into one luxury yacht such as that of King Fahd of Saudi Arabia." No doubt Rupert is talking from first-hand experience.

Paid out

■ The newly-minted Forum of Insurance Lawyers has an appropriate acronym – FOIL. Sounds just right for a bunch of briefs dedicated to advising insurance companies on how to combat fraud. If they're short of a motto, how about: "They shall not pay!"

Serbs close to seizing control of area targeted for US air-drop

Accuracy of relief flights disputed as US claims success for operation

By Laura Silber in Zvornik, Bosnia and agencies

SERB FORCES were yesterday close to seizing Cerska, the Moslem enclave in eastern Bosnia which United Nations officials said was the target for the first US air-drop.

Reports from Cerska said there was no evidence that any of the 21 tonnes of food and medicine dropped by US air force C-130 aircraft were recovered either by the 6,000 Moslems trapped in the area or by any of the other parties to the conflict.

However, Admiral James A. Lair said on board the aircraft carrier John F. Kennedy in the Adriatic that the operation had been monitored from the ship and had gone off "just like clockwork".

Asked for an indication of how accurate the drops had been, Admiral Lair said: "You're not going to know until you have someone on the ground. We'll see, when people (in Cerska) start eating."

General Donald Loranger, US air force brigadier, told a news conference at the Rhein-Main air-base in Germany it was difficult to say how accurate the drops had been but flight conditions were good. "I am hopeful and indeed confident that a number of people are better off than a few hours ago".

The US aircraft, unescorted to emphasise the humanitarian nature of their mission, flew over Bosnia at night with their lights out to minimise the risk of being shot at by any of the warring parties.

Sarajevo radio called the US operation "a parachute mystery", in a broadcast more than 12 hours after the three C-130 aircraft had returned to Germany from the first US relief drop.

An amateur radio operator, Cerska's only link with the outside world, said an object which could have been an aid pallet had been spotted behind Serbian lines. He suggested that the US aircraft may have mistaken Moslem villages set alight during recent fighting for bonfires in the enclave.

A Serb, who cut in on the radio link, was asked if Serbs had received any supplies from the air. "Nothing, nothing. We don't need anything," he replied.

Serb fighters at the weekend seized several villages in the Moslem area. Artillery shells yesterday fell in the Drina valley.

The amateur radio operator said Serb fighters had set up loudspeakers calling on Moslem forces to surrender. Western diplomats said the outgunned Bosnian government forces in Cerska are unlikely to hold out much longer.

Cerska, which has been without any outside relief for the last 11 months, is believed to be the most desperate of the Bosnian government strongholds in the area.

Just 10 miles away from Cerska, locals in Zvornik appeared puzzled by the air drop. "We have not seen or heard any aircraft overhead," said a Serb villager.

Stacks of UN humanitarian aid fill warehouses in Zvornik and its twin town on the other side of the river Drina, which marks the Bosnian frontier with Serbia.

UN talks open, Page 2

Spanish debate on jobless adds to pressure on González

By Peter Bruce in Madrid

THE SPANISH parliament is to hold an emergency debate on unemployment today. It will pit Mr Felipe González, the prime minister, against his increasingly confident conservative opponent, Mr José María Aznar, in what Spaniards assume will be the unofficial start to a long 1993 election campaign.

With polls showing Mr Aznar's Partido Popular rapidly gaining on Mr González's Socialists, unemployment at a record 21.06 per cent and business failures at historic highs today's debate promises to be one of the most acrimonious of the Socialists' decade in power.

Mr González has to hold an election by the end of November and is anxious to delay for as long as possible. As a first effort to put a brake on his party's declining popularity, he will today put forward a Pta300bn ($2.52bn) emergency economic package, agreed in cabinet last Friday.

It aims to accelerate infrastructure spending, ease small business taxes and to increase the statutory length of temporary job contracts to slow unemployment growth. Madrid hopes the European Community will fund 80 per cent of the package and thus limit its impact on the tight 1993 budget.

But this is the first time opponents like Mr Aznar and the leader of the communist Izquierda Unida, Mr Julio Anguita, find themselves approaching an election with the economy in recession.

These men believe they are about to end Socialist party dominance in Spain, and will demand that Mr González calls an early election.

He is unlikely to do them that favour, but the pressures on the government are immense. Unemployment is likely to continue rising until the summer and with both business and the opposition calling for Spain to float the peseta, cut interest rates and increase spending, the currency might be in for a turbulent few months.

Industrial production figures published yesterday showing a 5.6 per cent fall in December 1992 against the same month in 1991, and a 1.7 per cent fall in overall output in 1992, are likely to sharpen calls that drastic action be taken to revive the economy.

Despite persistent rumours, however, it is most unlikely that the government would unilaterally take the peseta out of the exchange rate mechanism. Signs that German interest rates may soften soon will probably make it easier for the Spanish to cut rates as well.

Italian corruption scandal widens

By Robert Graham in Rome

A FORMER official of the Italian Communist party (PCI) was arrested yesterday by Milan magistrates on suspicion of operating a Swiss bank account to receive pay-offs from contracts in the power industry.

The arrest of Mr Primo Greganti, an official in the Turin branch of the PCI during 1970-87, is part of the widening national investigation into corruption in which a growing number of senior political and business leaders have been implicated.

Mr Greganti voluntarily appeared for questioning in Milan yesterday and was later arrested for alleged corruption and illicit financing of the party.

It is the first time Italian companies have been linked to alleged payments to the PCI made illicitly outside the country. Corruption in the power industry is one of the main lines of investigation now being pursued by Milan magistrates.

According to magistrates, Mr Greganti had been identified by Mr Lorenzo Panzavolta, the head of Calcestruzzi, the construction and cement arm of Ferruzzi, as the recipient of L620m ($401,000) paid into a Swiss bank account for the PCI in respect of a contract with Enel, the state electricity authority.

This is not the first time the corruption scandals have involved the PCI, which has sought to present itself as clean. Mr Giovanni Batista Zorzoli, the PCI representative on the board of Enel, has been arrested.

Milan magistrates also arrested and placed on bail yesterday Mr Arturo Romagnoli, a businessman and the brother of Mr Vincenzo Romagnoli, former owner of the construction company Cogefar. Mr Romagnoli was alleged to have been involved in corruption related to Milan municipal contracts.

In another development likely to prove embarrassing to the Christian Democrats, Mr Michele de Mita, the brother of former prime minister Ciriaco de Mita, currently head of the parliamentary institutional reform commission, was arrested on fraud charges. Mr Michele de Mita was alleged to have been part of a scheme which submitted fake invoices for potatoes supplied to earthquake victims in 1980.

Collapse of bribery edifice traps corporate Italy, Page 2

US may impose anti-dumping duties on steel by mid-June

By Andrew Hill in Brussels

THE US could impose definitive anti-dumping duties on imports of certain steel products as early as mid-June, according to US trade sources.

The sources warned it would be very difficult for the 19 countries involved – which include Japan, Canada and seven EC members – to derail the process set in motion under President George Bush's administration.

They also said legal and public scrutiny of the anti-dumping procedure would restrict President Bill Clinton's ability to amend the decision.

The dumping actions follow EC dumping duties imposed on eastern European steel exporters. They coincide with clashes over trade in cars and semiconductors, EC subsidies for Airbus and barriers to US bidders for EC government contracts.

Exporters have also become worried at the proliferation of dumping actions as an instrument of first choice for recession-hit domestic industries.

One way of avoiding definitive dumping duties would be for Gatt members to forge a multilateral steel agreement, phasing out steel tariffs in return for elimination of most subsidies. The US government could then ask the US industry to drop its complaint against foreign producers.

It is also possible that US steel importers – which have already protested that the actions will raise steel prices – will press for compromises. Their lobbying power is expected to strengthen as shortages of various steel products become acute in late April or early May.

When Mr Ron Brown, the US commerce secretary, announced provisional anti-dumping duties on certain products in January, he tried to defuse criticism by making clear that the move was not a "policy statement" but part of "mandated procedure".

Since then 12 of the 84 original cases have been dropped, following examination by the US International Trade Commission. The US Commerce Department is expected to announce the level of definitive duties just before the ITC's public hearing on the case, which should take place on April 19 or 20. The ITC will vote on duties in late May, the sources said, and should submit its decision for formal approval around June 3.

Brazilian minister and bank governor quit

Continued from Page 1

Given Mr Franco's past interference in economic matters and his preference for policies such as price freezes, Mr Rezende is expected to have considerable difficulty attracting good economists to his team. He may not therefore be able to elaborate the plan desired by Mr Franco as quickly as the president hopes and the markets fear.

Mr Haddad said he had resigned not because of his failure to reduce inflation but as a protest against political interference in the central bank. Mr Franco wants to leave the nomination of central bank directors up to Congress. Mr Netto said yesterday: "How can anyone take us seriously when we are now on our eighth economy minister since the start of civilian government in 1985? Instead of the peace and caution we need, we are changing ministers quicker than the movement of lovers through a motel."

Some work resumes at NY's Trade Centre after blast

Continued from Page 1

hectic here," reported one weary employee. "We're in the process of trying to set up."

New York's futures exchanges, which share a single trading floor at Four World Trade Centre, managed to open for abbreviated sessions yesterday, and most are hoping for business as usual today.

However, the New York Mercantile Exchange, where most of the world's crude oil is priced, is again planning delayed openings and early closes.

The New York Commodity Exchange operated in a makeshift environment, but spirits were high on the trading floors. Ventilation difficulties in computer processing rooms contributed to the decision to shorten the trading day yesterday.

The New York commodity exchanges provide the world's largest markets for crude oil, coffee, sugar and cotton and are important trading centres for precious metals such as gold and platinum. World prices for these commodities are set in New York, making it essential that trading time not be lost.

Meanwhile, early morning commuters to the WTC found transport running almost normally. The badly damaged station for the Port Authority Trans Hudson railway line was open, as were the various subway stations and lines into the complex.

New York state officials said that a $5m programme had been set up to assist small and medium-sized businesses displaced as a result of the blast.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
				Boulogne	S	1	34	Frankfurt	S	5	41	Majorca	F	9	48	Oporto	B	7	45	Tenerife	F	19	66
				Brussels	F	2	36	Geneva	C	1	34	Malaga	S	9	48	Oslo	S	0	32	Tokyo	F	17	62
				Budapest	S	6	43	Gibraltar	S	9	48	Malta	C	13	55	Paris	S	4	39	Toronto †	C	-4	25
Ajaccio	R	11	52	Buenos Aires	F	28	82	Glasgow	F	4	39	Manila	C	32	90	Prague	S	4	39	Tunis	C	16	61
Algiers	C	9	48	Cairo	S	30	86	Helsinki	S	-5	23	Melbourne	C	17	63	Reykjavik	R	6	43	Valencia	F	10	50
Amsterdam	S	3	37	Cape Town	S	25	77	Hong Kong	S	16	61	Mexico City	F	27	81	Rhodes	S	17	63	Venice	R	5	41
Athens	F	14	57	Caracas	F	30	86	Innsbruck	F	1	34	Miami †	S	14	57	Rio de Janeiro	C	32	90	Vienna	S	4	39
Bahrain	S	21	70	Casablanca †	C	9	48	Inverness	F	5	41	Milan	R	4	39	Rome	R	9	48	Warsaw	F	2	36
Bangkok	F	34	93	Chicago †	S	-3	27	Islamabad	F	21	70	Montreal †	S	-13	9	Salzburg	F	8	46	Washington †	S	-3	27
Barcelona	R	1	34	Cologne	S	4	39	Istanbul	S	9	48	Moscow	S	-4	25	S'Francisco †	C	11	52	Zurich	C	-1	30
Beijing	S	7	45	Copenhagen	F	2	36	Jakarta	R	32	90	Munich	C	3	37	Seoul	C	-2	28				
Beirut	S	19	66	Corfu	F	15	59	Johannesburg	R	15	59	Nairobi		–	–	Singapore	R	25	77				
Belfast	F	4	39	Dallas †	T	8	46	Lisbon	F	8	46	Naples	R	10	50	Stockholm	F	1	34				
Belgrade	S	6	43	Dublin	F	5	41	London	C	3	37	Nassau	C	24	75	Strasbourg	C	1	34				
Berlin	S	4	39	Dubrovnik	S	15	59	Los Angeles †	S	9	48	New Delhi	S	20	68	Sydney	S	21	70				
Biarritz	F	1	34	Edinburgh	C	3	37	Luxembourg	S	1	34	New York †	S	-5	23	Taipei	C	12	54				
Bombay	S	29	84	Faro	S	10	50	Madeira	F	16	61	Nice	C	13	55	Tangier	C	9	48				
Bordeaux	C	3	37	Florence	R	9	48	Madrid	F	2	36	Nicosia	S	19	66	Tel Aviv	S	25	77				

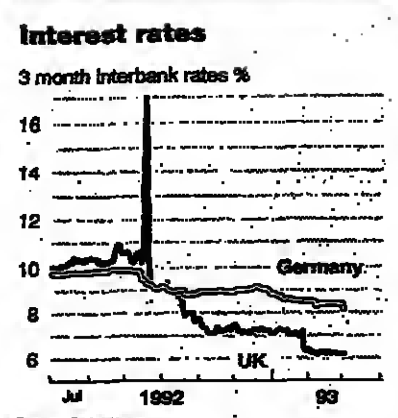
Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

THE LEX COLUMN

Sterling takes a shine

At last, things seem to be going more the chancellor's way. The Bundesbank has hinted at lower interest rates to come; UK inflation appears under control; after a further robust rise in M0 money supply, there is a whiff of recovery in the air which makes Mr Lamont's reluctance to cut rates that bit more credible. At least he should be spared a sterling crisis in the run up to the budget. A stable pound as well as a competitive exchange rate is needed to attract overseas buyers into the gilts market.

FT-SE Index: 2882.6 (+14.6)



Source: Datastream

Sterling's 3.5 pfennig rise yesterday suggests the markets may be getting ahead of themselves. There is no guarantee that the Bundesbank will cut official rates that quickly. Long bond yields have fallen in Germany and there has been some good news on the wages front, but retail price inflation of 4.2 per cent, continuing high wage demands in the construction sector and the unresolved budget negotiations give pause for thought. The Bundesbank may confine itself for the time being to a further cut in the money market repurchase rate.

Mr Lamont has a balancing act to perform at home. While the recovery remains tentative, a tight budget would be difficult to sell in the absence of lower interest rates. Without some sign of fiscal discipline, the markets might come to doubt his ability to finance the PSBR. Since the government appears to be concerned about the exchange rate, it could certainly do with some timely accommodation from the Bundesbank.

British Gas

One begins to wonder why Sir James McKinnon is so determined to conduct the debate about the future of British Gas in public. Traditionally, participants respect the confidentiality of submissions to the Monopolies and Mergers Commission. But the director-general of Ofgas has aired his views in the manner of someone who suspects that the argument is not going his way. If Sir James is merely trying to apply extra pressure to ensure he triumphs, then he is playing with fire.

Besides, the latest Ofgas document does not adequately address many of the thorny issues raised by the break up of British Gas. Should the proposed regional marketing companies have a local monopoly, and, if not, who should assume the obligation to supply customers with gas? Will the government accept that low-usage domestic customers should pay more? Does the cheap interruptable gas market have a future, and is it economically efficient for companies such as ICI to be supplied with gas at marginal prices?

Whether British Gas is dismembered or not, the most important factor for valuing the company is the rate of return earned on its pipelines. Here the gap between Ofgas's recommendations and British Gas's requests is still vast. Privatisation has produced several poorly thought-out structures. Now that gas is justifiably getting a second look, both customers and investors deserve more than yet another half-baked publicity stunt.

Repsol

The timing of the Spanish government's international sale of up to $1bn of Repsol shares has more to do with deteriorating public finances than choosing an opportune moment in the business cycle. Yesterday's full-year figures maintained the company's record of earnings growth, but refining, marketing and petrochemicals are all slowing. The extent of rationalisation suggests the government's current 54 per cent stake has not been too much of a restraint on management.

Since car ownership and the economy are forecast to grow faster than the European average, Spain ought to be comfortable home turf. Yet with its home market in recession and the government soon reduced to a minority, Repsol is understandably considering expansion abroad. BP and Elf have started to encroach on Spain. Exceptionally high refining and marketing margins cannot last forever. Deregulation of the local butane market will produce wider margins in the short run. It also brings the long-term threat of competition.

Diversification could be achieved through asset swaps with other oil companies. Repsol might surrender a portion of its local refining share in return for a marketing toehold in France or the UK. If crude oil prices start to rise, it will be harder to resist the temptation to acquire more upstream assets to match downstream capacity. Either option carries a degree of risk. Repsol has proved itself in a protected domestic energy market. The risk is that it gets sucked into unwise expansion.

Airtours/Owners Abroad

The battle for Owners Abroad may turn out to be close, despite the increased offer from Airtours. A company used to driving hard bargains with its suppliers was unlikely to be over-generous to Owners' shareholders. Still, an exit multiple of 11 looks thin. Airtours has a superior management record and its offer represents a large premium to Owners' pre-bid share price. But Owners has presented a good case for its proposed link-up with Thomas Cook. Airtours has failed to quantify equivalent benefits for Owners' investors, making the continued absence of a full cash alternative perplexing.

The failure to deliver a knock-out blow raises the possibility of Owners coming under foreign parentage. Germany's WestLB bank, which controls Thomas Cook, may seek to secure its investment or even launch an outright bid. That would be a highly unusual move. But Owners' shareholders should not rush to respond to Airtours just yet.

Tate & Lyle

All is not sweetness on Tate & Lyle's board as Mr Stephen Brown's abrupt departure as chief executive testifies. Mr Brown was only at the company for two years. As the architect of Tate's recent success, the chairman, Mr Neil Shaw, is well qualified to fill the breach. Nevertheless, the unhappy episode raises questions about the board's judgment.

This year is not a worry: Tate should show reasonable recovery following earlier disappointments. But Tate has yet to prove it has a longer-term growth recipe for its portfolio of mature businesses. A new chief executive would help find an answer.

FINANCIAL TIMES
COMPANIES & MARKETS

Tuesday March 2 1993

INSIDE

Viag to hold dividend despite fall in profits

Viag, the German energy-based conglomerate, is likely to maintain its dividend in spite of a 9 per cent fall in profits last year. The group said performance had been hit by the accelerating downturn in the second half. Net profits of DM370m ($225.4m), on sales up 3 per cent at DM24.3bn, were eroded by falling income from the can-making and trading interests. Page 18

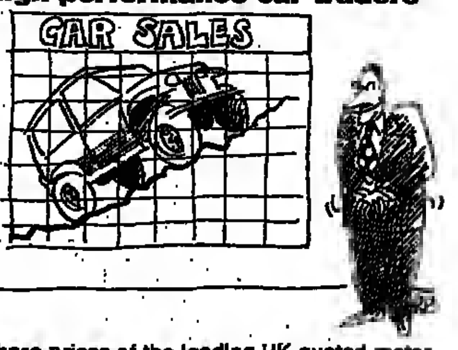
Support for Trafalgar issue

Trafalgar House is to proceed with its rights issue after winning support from small shareholders at yesterday's extraordinary meeting. Directors were visibly relieved that small shareholders, after criticising the management, voted overwhelmingly in favour of the engineering, construction and shipping group's 1-for-2 rights issue at 60p a share. Page 22

Bomb fails to dampen equities

Even the bombing of the World Trade Centre on Friday could not prevent US equities posting a 2.2 per cent gain. However, Japan's 0.6 per cent fall was the main reason why the FT-Actuaries World Index was limited to a 1.0 per cent gain in local currency terms. Back Page

High performance car traders



Share prices of the leading UK quoted motor trade groups have outperformed the market by up to 40 per cent over the past three months. This year sales of new cars are forecast to rise by about 7 per cent to 1.7m. However, few of the motor traders due to report 1992 results over the next few weeks will show a rebound in their figures. Page 23.

Australian banks face shake-up

The possibility of a conservative victory in Australia's forthcoming federal election raises the prospect of a radical shake-up of the troubled banking sector. Mr John Hewson, leader of the opposition Liberal/National Party coalition, and Mr Peter Reith, the opposition's candidate for treasurer, have promised that bank merger proposals would be considered "on their merits". Page 19

Driving through farm reforms

David Richardson's drive from Norfolk to Australia provided him with a view of EC farm reform policy. Page 24

Thomson-CSF in missile link-up

Thomson-CSF, the French state-controlled defence electronics group, and Short Brothers, the Belfast aerospace subsidiary of Bombardier of Canada, have agreed to join forces to make very short-range ground-to-air missiles. The alliance sparked anger from Matra Défense, France's main private sector defence electronics group, against which the Thomson-CSF-Shorts joint venture will compete. Page 18

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
AG Ind & Verk	510	+	9
Colonia Konz Pf	589	+	17
DLW	484	+	16
Linotype-Hell	488.9	+	10.5
Falls			
GEHE	377	−	11
Volkswagen Pf	227	−	4.5

NEW YORK ($)

Rises			
Glaxo	19⅝	+	⅜
Merck	39⅞	+	⅞
Sensormatic	34⅝	+	1¼
Thermedics	13¼	+	1⅜
Falls			
Compaq Computer	43⅞	−	1⅞
Philip Morris	65	−	1⅝

New York prices at 12:30.

PARIS (FFr)

Rises			
Credit Local Fr	408.7	+	18.7
Gaumont Soc N	529	+	17
Legris	197	+	7
Matdelux	106	+	5.9
Promodes	671	+	24
Falls			
Somer-Allibert	1380	−	45

TOKYO (Yen)

Rises			
Fujitsu Denso	696	+	56
Falls			
Asics Corp	391	−	17
Japan Metals	521	−	29
Mitsubishi Elec	452	−	17
Tokyo Steel	2130	−	370
Yamato Kogyo	1100	−	100

LONDON (Pence)

Rises			
ASW	153	+	20
Adscene	133xd	+	14
Billam (J)	225	+	34
Brabant Res	42	+	3
Castle Mill	13	+	2½
Courts (Furn)	436	+	13
Culver Hldgs	7½	+	2½
Ferranti Int	15¼	+	1½
Gen Accident	595	+	25
Gent (SR)	60	+	8
Lexicon	28	+	9
Mid & Scot	20	+	3½
NMC	77	+	8
Osprey Comms	26	+	2½
PizzaExpress	81	+	4
Radius	67	+	8
Redland	484	+	19
Tadpole Tech	314	+	16
Transfer Tech	449	+	24
Wilkes (J)	66	+	16
Falls			
Elect Data	513xd	−	17
Hartstone	190	−	27
INSTEM	100	−	5
Kwik-Fit	98	−	6

Klöckner-Werke unveils restructuring

By Quentin Peel in Bonn

KLOCKNER-WERKE, the German steel and engineering group, yesterday revealed its plan to restructure its steel operations and write off more than 50 per cent of their outstanding debts.

It is the largest German company to sue for protection from its creditors under the composition procedure since AEG, the electrical equipment manufacturer, more than 10 years ago. It is also the first leading steelmaker to be forced to seek protection in the latest European steel crisis.

The plan, an essential step in the company's bid to negotiate a debt-relief scheme with leading creditors, was presented to the local court in Duisburg, where Klöckner-Werke is based.

It proposes writing off DM1.4bn ($840m) of the DM2.7bn owed by the company's steel subsidiaries, Klöckner Stahl and Klöckner Edelstahl. The rest of the group is not affected by the process.

Creditors with their loans secured by property or other assets would receive 60 per cent payment, and other creditors 40 per cent, the company suggests. The restructuring involves the closure of one blast furnace at the Bremer Hütte steel plant in Bremen, reducing raw steel capacity by some 700,000 tonnes, and shedding up to 1,400 jobs.

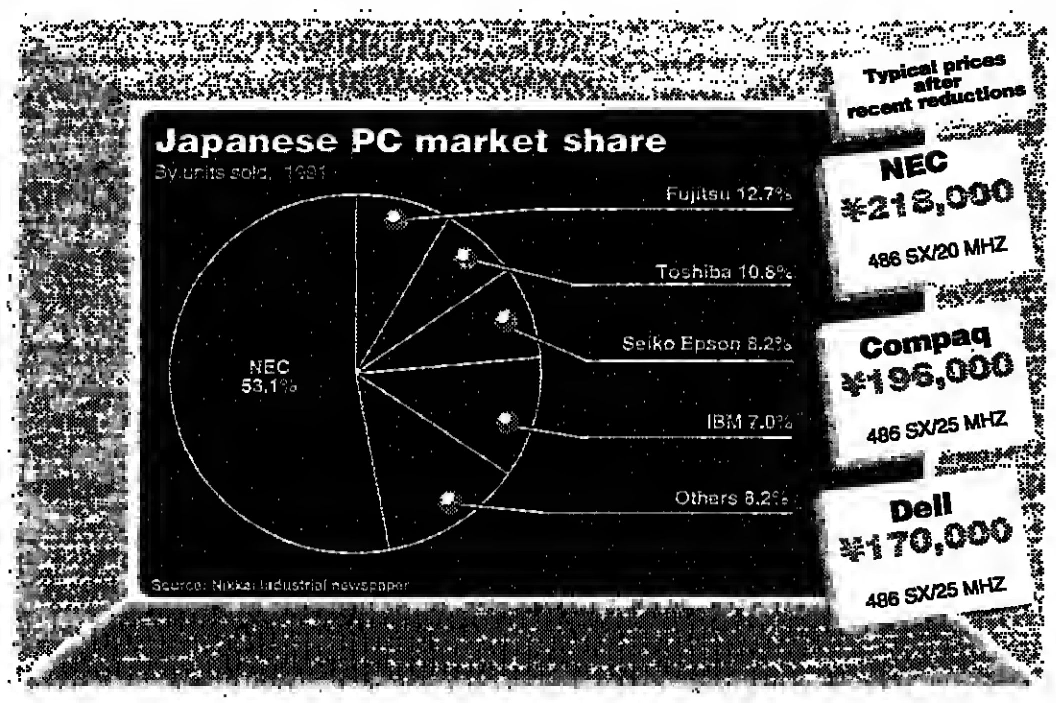
The company is also negotiating with a group of investors, led by Mr Jürgen Grossmann, the former chief executive of Klöckner Edelstahl, to sell its plant at Georgsmarienhütte. A decision on that proposal is expected in the next two weeks, according to a company spokesman, although it depends on the success of the composition proceedings.

The legal move by Klöckner-Werke, one step short of formal bankruptcy proceedings, was announced in December. The Duisburg judge will now seek expert opinion on the company plan from both the composition administrator, and from the Duisburg chamber of commerce and industry. The judge and administrator must then decide whether to summon a creditors' meeting, which must approve the plan with an 80 per cent vote if it is to succeed.

Deutsche Bank is the company's principal creditor, followed by WestLB, the state bank in North Rhine-Westphalia. Both are believed to support the move. The full meeting of creditors is not likely to be called before May or June, officials say.

Michiyo Nakamoto reports on a successful assault by American computer makers

US price warriors spark revolution in desktop Japan



As the Japanese economy began the year showing signs of a worsening slump, Dell Computer, the US company, announced its arrival in the second largest personal computer market in the world.

Dell announced a low-priced desktop computer – a move that heralded a revolution in the Japanese PC market's pricing structure and distribution system.

Dell's debut in Japan has added momentum to a concerted assault on the Japanese market by leading US manufacturers which has forced Japanese computer companies to rethink their strategies.

Shortly after Dell arrived in Japan, Toshiba announced its first low-cost notebook PC, bringing the price-cutting trend into the notebook market.

The Japanese PC market has long been one that seemed to work according to its own rules.

The difficulty of producing software which used the Japanese language had allowed a handful of domestic manufacturers, led by NEC, to carve up the PC market among them.

While the rest of the world was dominated by IBM-compatible machines, in Japan NEC ruled supreme with 53 per cent of the market, followed by Fujitsu with 13 per cent and Toshiba with 11 per cent, according to the Nikkei Industrial newspaper. IBM had to contend itself with a meagre 7 per cent market share. Until as recently as a few months ago, US PC manufacturers had made little impact on the minds of the Japanese PC-buying public, but a price war, triggered last autumn by Compaq, the US company, changed all that.

On October 1, Compaq introduced a machine at half the price of comparable Japanese-made PCs. IBM immediately followed suit by introducing its own range of low-priced PCs.

This offensive sent a tremor through the Japanese PC industry. Most leading Japanese PC manufacturers, including NEC, the market leader, cut their prices within months. In return, Compaq reduced the price of some of its machines further and added a three-year guarantee.

NEC's response has been mostly defiance. It insists that the outbreak of the price wars has had no effect on its business. "NEC will never compete in a price war," says Mr Katsuichi Tomita, general manager of NEC's Personal Computers Marketing Division.

Yet NEC felt threatened enough to use nationwide advertising to spell out that its own system could boast 14,500 software applications, 379 service points throughout the country and proven experience with Japanese language software.

In spite of NEC's tactics, the impact of the price wars has been to raise substantially the profile of US manufacturers and improve their fortunes in Japan. Undercutting the domestic competition on price proved to be the quickest, most effective, route for outsiders trying to gain market share.

"We brought out low-priced models because it was the main way to differentiate between IBM's and NEC's machines," says Mr Tsutomu Maruyama, director of Personal Systems Operations at IBM's Japan General Business Company.

IBM and Compaq both report strong sales.

The groundwork for the success of the price wars had been laid by IBM. In a bid to spread the use of its own PC/AT standard, IBM had set up an Open Architecture Developers' Group and invited foreign and domestic manufacturers to support DOS-V, a bilingual operating system that allows users to use the English language DOS, as well as more than 1,000 Japanese applications.

Most of the leading manufacturers, apart from NEC and Apple, have joined the IBM-led consortium.

Yet in spite of the momentum building up around DOS-V, the attempt by US manufacturers to break NEC's dominance still faces formidable obstacles.

NEC controls national distribution channels. Two-thirds of PC sales in Japan are still through specialist dealers which have traditionally sold NEC machines. US manufacturers, which were late to enter the Japanese market, will need to build up their distribution channels.

The DOS-V camp, with about 1,000 Japanese language software applications, cannot compete with NEC's 14,500 applications. The willingness of developers to write software for DOS-V depends on the penetration rate of hardware, which in turn depends on the number of software programmes available.

For the huge installed base of NEC users, there is little incentive, apart from price, to switch to DOS-V. But NEC has already closed the price gap by introducing a low-priced range of its own. "NEC already has a huge installed base. Why would those people want to give up the security of using something they are already familiar with?," asks Mr Katsushi Shiga, industry analyst at Dataquest, the high technology consultancy.

There is also some question as to how far price alone can woo Japanese consumers away from domestic manufacturers. Many in the industry believe that in spite of the attraction of lower prices, discount superstore and tele-marketing sales will not take off as strongly in Japan as in the US and Europe. Japanese consumers, they say, would rather pay for having equipment installed and serviced than having to do it themselves. "There isn't much of a do-it-yourself culture in Japan," admits IBM's Mr Maruyama. "Japanese people don't have that kind of time."

Unless US manufacturers can keep the price gap between their products and those of domestic manufacturers wide, the momentum building up could quickly fizzle out. The signs are that US manufacturers intend to keep up the heat. And Japanese consumers are becoming more cost-conscious and more sophisticated as familiarity with PCs spreads.

Apple Computer saw Japanese market revenues lift 50 per cent in the year to September 1991 and 30 per cent in the past fiscal year.

The most likely outcome of the current price wars is that the large US manufacturers will gain market share at the expense of smaller Japanese players.

The chill wind of foreign competition has forced domestic manufacturers to ask what consumers really want – high prices and free service, or choice.

Nokia halves losses to FM158m

By Christopher Brown-Humes

NOKIA, Finland's leading electronics and communications group, cut pre-tax losses to FM158m ($26.53m) last year from FM324m in 1991 as sales rose 18 per cent to FM18.2bn from FM16.5bn.

The group would have made a profit but for the performance of its consumer electronics division, where operating losses deepened sharply to FM783m because of worse than anticipated conditions in the European market.

However, profits rose substantially within telecommunications and mobile phones and the group is confident of further progress this year.

Nokia was heartened by the trend in the final four months when operating profits amounted to FM440m compared with a FM71m loss in the same 1991 period.

That enabled the group to record an operating profit of FM288m for the whole year after 1991's FM96m loss. A further increase in operating profit is predicted for 1993, although the group is wary about forecasting an overall return to the black because of continuing currency turbulence.

Nokia is planning additional rationalisation within consumer electronics this year to cut costs by at least a further FM200m. It is also looking to form alliances within the tubes and home electronics sectors.

"The difficult situation in the market place means internal measures alone are not enough," said Mr Jorma Ollila, president and chief executive.

Sales at Nokia Telecommunications rose 73 per cent to FM3.21bn last year and operating profit amounted to FM427m.

Mobile phones recorded a FM437m operating profit on a 45 per cent increase in sales to FM3.64bn. Consumer electronics saw a 9 per cent rise in sales to FM6.76bn. It is the first time the group has broken out operating profit figures for its individual divisions.

The group loss after extraordinary items rose to FM723m from FM211m. The group made a FM332m profit on the sale of its shareholdings in the European soft tissue maker Jamont and a Finnish power company, but it is taking a FM342m provision to cover the costs of further rationalisation within consumer electronics this year. The FM2.00 per share dividend is maintained.

Repsol profits increase 1.8% ahead of further privatisation

By Peter Bruce in Madrid

REPSOL, the Spanish oil and gas conglomerate being prepared for further partial privatisation by the Spanish government, yesterday reported a 1.8 per cent increase in net profits for 1992, to Pta71.43bn ($607m) in spite of a sharp drop in cashflow.

Repsol said it was delighted with the results, "particularly if one compares them with the rest of the sector".

Operating profits fell nearly Pta10bn to Pta119.8bn while cash flow, after tax, fell 10.4 per cent to Pta154.06bn.

The Spanish government is planning to place up to 40m shares in Repsol – roughly 13.3 per cent of the group – with institutions in the Spanish and international markets before the end of May.

The flotation could raise close to $1bn and, if fully used, will reduce the state's holding from 54.5 per cent to just over 40 per cent.

Repsol said it had managed to squeeze the most out of a difficult year thanks to good returns on some recent investments and the impact of a tough cost reduction programme. The group had shed nearly 2,000 jobs over the year, reducing the workforce to 19,632 people.

It posted a 77 per cent increase in operating profits to Pta18.6bn in its exploration and production division thanks, it said, to exploration successes and to a 20 per cent increase in crude production.

Repsol's gas division also reported a healthy 51 per cent increase in operating income, to Pta23.8bn. This was due mainly to better margins in traditional butane and propane markets, and to the fact that the group's interests in domestic gas supply are rapidly spreading.

As expected, however, Repsol's troubled chemicals division continued to suffer along with the rest of the international chemicals industry, losing Pta7.9bn after making a meagre operating profit of Pta1.2bn in 1991.

The Repsol refining and marketing division saw operating income fall more than 16 per cent to Pta86.6bn. This was partly because of new accounting rules, partly because it is having to shed service stations belonging to the Campsa group under EC monopoly rules and lastly, because of tighter margins for refined products in international markets.

Lex, Page 16

Owners rejects Airtours' final bid

By Richard Gourlay in London

OWNERS Abroad yesterday rejected a raised final hostile offer from rival holiday group, Airtours, which values the company at £268m ($380m).

Mr Howard Klein, the Owners Abroad chairman who was offered an increased cash alternative by Airtours last week, said the new offer still undervalued his company.

"The board believes the strategic alliance with Thomas Cook and LTU will deliver far greater value to shareholders than Airtours' final offers," said Mr Klein. Thomas Cook and German travel company LTU are run by Westdeutsche Landesbank, the German state bank, which hopes to create a pan-European holiday group with Owners Abroad.

The immediate reaction of some Owners Abroad shareholders was that Airtours' new offer was not over-generous.

Airtours' increased all-share offer includes 15 Airtours shares for every 34 ordinary Owners shares.

With Airtours shares up 3p at 309p last night, this offer values Owners' shares at 136p, 2p above Owners' closing price.

Airtours also increased, and made final, its preference share offer, in which it will give 218 convertible preference shares for every 100 Owners Abroad convertible cumulative redeemable preference shares.

The company did not increase its partial cash alternatives. These are £67.94 and 19.41 Airtours ordinary shares for every 100 Owners Abroad shares, and £122.08 in cash and 95.92 Airtours convertibles for every 100 Owners Abroad convertible shares.

Mr David Crossland said the final offer was fair both to shareholders in Airtours and Owners Abroad, who had never before seen a price that high.

He said Airtours bookings continued to gain momentum and its market share continued to be ahead of Owners Abroad's. Airtours is currently the number three in the holiday tour market behind Owners Abroad, both of which are less than half the size of market leader, Thomson.

Airtours also forecast a 1993 dividend of not less than 8.7p, a 20 per cent increase over the 1992 dividend.

Airtours offer is final, unless a "competitive situation arises" from another bidder.

Lex, Page 16

Viag to hold payout despite fall

By Christopher Parkes in Frankfurt

VIAG, the German energy-based conglomerate, is likely to maintain its dividend despite a 9 per cent fall in profits last year.

The group, which last summer forecast higher earnings and its ninth consecutive payout increase, said yesterday that performance had been hit by the accelerating downturn in the second half.

There were no real signs of improvement in the German economy, although the company said it expected the worst to be over in some business areas in the second half of the current year.

Cost-cutting programmes and structural adjustments would continue, it added. Numbers employed rose 14 per cent to 84,200 during the year as a result of consolidating recent acquisitions, although on a like-for-like basis the workforce was cut by 3 per cent.

Net profits of DM370m ($225.4m), on sales up 3 per cent at DM24.3bn, were eroded by falling income from the can-making and trading interests. Results from the glass business, grouped under the Gerresheimer subsidiary, were "heavily burdened" by over-capacity and import competition.

The rise in group turnover was largely attributable to the inclusion for the first time of sales from Viag's one-third stake in the Kühne & Nagel shipping and freight concern.

Profits from chemicals, the group's third-largest sector after energy and aluminium, "improved significantly", while sales fell from DM1.9bn to DM1.6bn.

Increased earnings were attributed to good demand for special products for the building industry and structural changes in the metallurgy business.

Restructuring also helped improve results in fire protection, where sales were virtually unchanged at DM1.4bn.

Deliveries of electricity and natural gas from the energy subsidiaries, which contributed DM3.6bn to group sales compared with DM3.2bn last time, were unchanged and earnings remained at the high level of the previous year.

Earnings from aluminium were also unchanged despite the impact on prices of shipments from the former Soviet Union.

Viag, which has expanded rapidly since it was privatised in 1988, appeared last year to slow its acquisition programme and focus more sharply on consolidating its interests. The group spent less than DM600m on acquisitions last year, compared with DM2.3bn in 1991.

However, the creation of a new division, transport and logistics, to house the Kühne & Nagel business suggests it has further ambitions in this area.

Capital investment rose 11 per cent to DM1.9bn last year, as the company completed a primary aluminium plant in Canada and its new drinks can works in Saxony-Anhalt.

Unibank chairman to quit as losses soar

By Hilary Barnes in Copenhagen

UNIBANK, the Danish bank, yesterday reported a 1992 loss of DKr4.66bn ($737m), compared with losses of DKr1.65bn in 1991. This is the biggest loss ever reported by a Danish bank.

Mr Hugo Schroder, chairman of the supervisory board, will resign at the bank's annual meeting in April "as a consequence of the highly unsatisfactory result for the bank in 1992".

The company will not pay a dividend for the second consecutive year.

The capital adequacy ratio at the end of the year was 11.6 per cent on a balance sheet which was slimmed from DKr263bn to DKr221bn. Equity capital declined from DKr15.4bn to DKr10.7bn while the total capital base was unchanged at DKr20.8bn.

Mr Thorleif Krarup, chief executive, said the bank did not expect to need new capital in 1993. He forecast a reduced loss and a moderate further reduction in the balance sheet for the current year.

He said that on an unchanged balance sheet total equity capital would need replenishing if the bank loses much more than DKr3bn in 1993.

The 1992 loss was caused by bad loss provisions of DKr6.28bn, up from DKr5.4bn in 1991, and a loss on the value adjustment of the securities portfolio of DKr492m compared with gain of DKr1.15bn in 1991. A loss of DKr666m, up from DKr487m in 1991, by the bank's London subsidiary, Unidanmark Holding, contributed to the group's loss.

The losses in London have arisen almost entirely as a result of property engagements.

The bank's forecast of a reduced loss in 1993 assumes unchanged interest rates and share prices (which fell by 25 per cent last year), continued slack demand for credit and high bad loss provisions.

Spanish electrical utilities' results hit by devaluations

By Tom Burns in Madrid

SPAIN'S second-tier electrical utilities reported lowered results yesterday, reflecting the impact of two devaluations of the peseta in the final quarter of last year.

Union Fenosa raised its group profits by just 1.7 per cent to Pta19bn ($161m) despite raising its sales by 6.5 per cent to Pta308bn, Sevillana, which raised its sales by 6.6 per cent to Pta249bn, dropped its consolidated income by 3.3 per cent to Pta12.7bn, and Fecsa, which posted a 3.7 per cent fall in sales to Pta208.6bn, registered an 8.5 per cent fall in profits to Pta15.4bn.

They were penalised by the peseta devaluations of 5 per cent and then of 6 per cent in September and November respectively last year. Union Fenosa holds 33 per cent of its debt in foreign currencies and the proportion at Sevillana and Fecsa is 27 per cent and 25 per cent respectively.

Earlier, Iberdrola, the Spanish electricity producer, posted a 7.5 per cent drop in pre-tax profits to Pta78.5bn. The company, which has 31 per cent of its debt in foreign currencies, borrowed strongly in dollars and yen and it registered a year-on-year Pta50bn increase of its global debt at the end of last December.

In contrast, Endesa, Iberdrola's state-owned rival which has only 14 per cent of its debt in non-peseta denominations, posted net income of Pta106.2bn, a 13.6 per cent increase on 1991, and raised its dividend by the same percentage to Pta408 per share.

Endesa's profits were in line with those of previous years and could fuel plans by INI, the state industrial holding, to place part of the 76 per cent stake it holds in the utility.

Teksid joins Alcan in US joint venture

By Haig Simonian in Milan

TEKSID, the metallurgical products subsidiary of Italy's Fiat group, and Canada's Alcan Aluminium company are forming a US joint venture for the automotive industry.

The new company, Altek Automotive Castings, will be based in Detroit and will include Alcan's automotive castings plant in St Catherines, Ontario. The joint venture excludes Teksid's aluminium facility in Tennessee, which has already established a strong position selling aluminium products to the big three US car producers.

The joint venture will aim to develop and manufacture cast and composite aluminium components for the car industry.

Alcan is one of the world's largest aluminium producers, while Teksid is a leading foundry group specialising in products for the automotive industry. Group sales amounted to L1,160bn ($730m) last year. The joint venture will focus on the North American market. Altek's initial activity will involve making cast lower control arms for Ford's new Lincoln Continental model.

COMPANY NEWS IN BRIEF

AHLSTROM, the Finnish forestry and machinery group, saw pre-tax losses fall to FM36m ($6m) last year from FM191m in 1991, writes Christopher Brown-Humes.

The improvement came as sales grew 22.5 per cent to FM10.15bn and the operating margin rose to FM1.02bn from FM605m.

Ahlstrom said its machinery division booked a record number of new orders in 1992, with business particularly strong in North America.

● The Julius Baer Swiss private banking group is looking for double-digit profit growth again in 1993, Mr Hans Baer, the chief executive, said yesterday, writes Ian Rodger in Zurich.

The group's net profit jumped 15 per cent last year to SFr68m ($44.56m), driven mainly by a 27 per cent rise in commissions from asset and portfolio management.

Business growth was particularly strong outside Switzerland, and the group revealed that 35 per cent of its profits came from outside the country, up from 28 per cent in 1991. Funds under management rose 11 per cent to SFr33bn.

● Consolidated pre-tax profits at Tabacalera, the state-owned Spanish tobacco monopoly, are understood to have fallen by more than 13 per cent to Pta18.9bn ($161m) last year, despite a small 3.5 per cent pre-tax profit increase, to Pta20bn, at the parent company itself, writes Peter Bruce in Madrid.

The group figures are understood to have been hit by poor results from the Philip Morris operation in Spain, in which Tabacalera has a 50 per cent stake, and by the incorporation of Elosua, the loss-making edible oils group, of which Tabacalera took control last year.

Unofficial figures have Tabacalera's 1992 group sales 7.6 per cent up at Pta700.4bn. The group is a potential candidate for some form of privatisation later this year, and is also on the verge of selling its Royal Brands foods subsidiary.

● Group pre-tax profits at Viscofan, the fast-growing Spanish sausage casings producer, fell 72 per cent last year to Pta1.01bn following big redundancy charges at its German subsidiary, Naturin, and enforced provisions to cover foreign currency debt after two peseta devaluations last year.

● Folketrygdfondet, Norway's national insurance scheme fund, one of the biggest institutional investors in the domestic securities market, yesterday reported an increase in unrealised losses on its share portfolio to NKr588m ($83.97m), from NKr158m in 1991, writes Karen Fossli in Oslo.

Last year, the fund was granted permission by authorities to increase investments in securities to 15 per cent of total assets from 10 per cent. Total assets at the end of last year rose to NKr66.75bn from NKr60.66bn in the same period a year earlier. The fund was also allowed to invest up to NKr5bn in state bonds and commercial paper.

● Z-Länderbank Bank Austria, Austria's largest bank, has denied charges in two magazines that it laundered money for two east Berlin firms, Novum and Transcarbon, between 1989 and last year, writes Ian Rodger.

According to Profil, an Austrian weekly magazine, and Der Spiegel, a German magazine, more than Sch3bn ($259m) in commissions on orders was shifted between Bank Austria in Vienna and its Swiss subsidiary in Zurich.

"It is absolutely untrue that we have had anything to do with laundering," Mr Rene Alfons Haiden, chief executive, said. The bank said investigations so far showed that the bank had respected all laws and regulations. The transactions were undertaken by authorised people on legitimate accounts that have existed for years, the bank said.

Thomson-CSF, Shorts in missile deal

By William Dawkins in Paris

THOMSON-CSF, the French state-controlled defence electronics group, and Short Brothers, the Belfast aerospace subsidiary of Bombardier of Canada, yesterday agreed to join forces to make very short-range ground-to-air missiles.

This is the latest in a series of alliances by French defence contractors, but sparked anger from Matra Défense, France's main private sector defence electronics group, against which the Thomson-CSF-Shorts joint venture will compete. Normally, the French defence industry avoids competing against itself, on national interest grounds.

Thomson-CSF and Short Brothers will have an equal share in the venture, to be called Shorts Missile Systems in the UK and Thomson Shorts Systèmes in France. It will have a FFr1bn ($179m) annual turnover, representing one-fifth of the world market for this type of weapon, with a top range of 3km. The Stinger, developed by General Dynamics, is the market leader, followed by the Mistral, made by Matra, with third place taken by Shorts' Javelin and Starburst.

Thomson-CSF denied the venture would compete directly with Matra. The Mistral used an infra-red guidance system which made it suitable for use against heat-emitting targets such as jet fighters, while Shorts' missiles were laser guided, and so more suitable for cooler targets such as helicopters, said a Thomson-CSF official.

Shorts will make the missiles, while Thomson-CSF will produce the electronics and guidance systems. French group has used the same arrangement on its two other missile joint ventures, with Aérospatiale and Alenia, the French and Italian aerospace groups in medium range missiles, and with LTV, the US industrial group, in short range weapons.

Thomson-CSF's strategy is to concentrate on electronics said a spokeswoman.

Aérospatiale might buy a minority stake in this latest joint venture, although Shorts would in any event remain with a 50 per cent share. Shorts makes most of its own missile electronics and relies on a range of subcontractors for the rest, said a spokesman for the UK group.

Chief executive leaves Tate & Lyle

By Maggie Urry in London

MR Stephen Brown yesterday left Tate & Lyle, the UK sugar and sweeteners group where he was chief executive. Mr Brown joined the company only in April 1991 as group managing director. He became chief executive last April when Mr Neil Shaw split the roles of chairman and chief executive.

Tate also announced a number of board changes. The shares fell 3p to 434p.

Analysts said Mr Brown's sudden departure was embarrassing for Tate and for Mr Shaw personally, and raised questions about management succession at Tate.

Mr Brown's original appointment had suggested Tate could not find a successor to Mr Shaw internally. Mr "Red" Wilson, who had run the group's North American businesses and had been seen as a possible successor, left in 1989, although he remains a non-executive director.

Mr Shaw said he planned to stay for at least two years and there would by then be "a lot of candidates" to succeed him.

He said there had been differences over management style and Mr Brown "didn't fit in". There had been "no big scene" but both sides agreed that it "wasn't working".

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INTERNATIONAL COMPANIES AND FINANCE

Rail job cuts push CN to heavy loss

By Bernard Simon in Toronto

CANADIAN National Railways, the government-owned railway company, expects to report 1992 losses of over C$1bn (US$800m), largely reflecting the cost of severance packages for about 11,000 workers. The previously-announced job cuts, which will cut CN's workforce by a third, are due to be implemented over the next three years.

But Mr Paul Tellier, who recently took over as CN president, said the entire C$900m cost would be taken in the 1992 accounts. The company expects to pay workers an average of C$80,000 each to entice them to give up contractual job security.

Both Canada's national rail companies, CN and Canadian Pacific, are in the throes of far-reaching retrenchment in an effort to improve their competitiveness against US railways and truck operators.

CP Rail has reported a 1992 loss of C$343m, most due to restructuring charges, including the cost of reducing the size of train crews.

Mr Tellier predicted that CN would suffer a loss of about C$70m for 1993 but would return to the black in 1994.

Besides the job cuts, CN and CP are anxious to accelerate rail network rationalisation.

● Canadian Imperial Bank of Commerce is to restructure its operations in the Caribbean, Reuter reports from Toronto.

Under the first stage of the plan, which is still subject to regulatory approval, the bank will create two new companies in Barbados, to be named CIBC West Indies Holdings and CIBC Caribbean. It will sell and transfer its branches and trust unit in St Lucia, St Vincent and Antigua to CIBC Caribbean. CIBC Caribbean will be wholly owned by CIBC West Indies.

In the second stage, CIBC West Indies Holdings will offer shareholders of the Bank of Commerce Trinidad and Tobago the chance to swap their shares for those of CIBC West Indies Holdings.

Australian poll could unlock door to bank mergers

Kevin Brown analyses the prospects for financial services if John Hewson wins this month's elections

THE possibility of a conservative victory in Australia's federal election on March 13 raises the prospect of a radical shake-up of the troubled banking sector.

Mr John Hewson, leader of the opposition Liberal/National Party coalition, has yet to release a considered strategy for the financial services industry under a conservative government. But, as the coalition increases its lead in the opinion polls, attention is turning to the likely consequences of the defeat of the decade-old Labor government, now led by Mr Paul Keating.

The impact of a conservative victory would be felt first by the four trading banks – National Australia Bank (NAB), Westpac, ANZ and Commonwealth – and the two big life insurance institutions, AMP Society and National Mutual.

Merger negotiations between the big six have been banned since 1990, when Mr Keating, the then treasurer, (finance minister) unexpectedly blocked a proposed merger between ANZ and National Mutual.

Mr Keating's sought to prevent a diminution of competition within and between the bank and insurance sectors. However, Mr Hewson and Mr Peter Reith, the opposition's candidate for treasurer, have promised that merger proposals would be considered "on their merits".

Officials say Mr Hewson believes a merger might strengthen competition by reducing the substantial differences in the financial strength of the banks.

Westpac and ANZ have sustained heavy losses since 1990 on loans secured against commercial property in the late 1980s, when both banks gave a higher priority to rapid asset growth than to credit control.

By contrast, NAB has benefited from its more conservative policy of lending against cash-flow and largely eschewing the risky corporate lending market in favour of housing loans.

Mr Don Argus, NAB managing director, has publicly played down prospects of a takeover offer, claiming the bank is fully occupied in digesting its recent A$1.1bn (US$765m) takeover of the Bank of New Zealand.

However, he is known to have looked closely at the merits of a bid for either Westpac or ANZ. A management committee is believed to be working on details of a bid.

Analysts say NAB is likely to be most interested in ANZ, which wrote off A$1.9bn against bad and doubtful debts last year, but is widely believed to be on the road to recovery.

John Hewson: will consider merits of banking merger proposals

Westpac wrote off A$2.6bn last year, but Mr John Uhrig, chairman, has said the bank's troubles may not be over. Mr Robert Joss, the chief executive recruited last month from Wells Fargo, is supervising a property review which may force further provisioning.

Meanwhile, National Mutual has indicated it is still interested in merging with one of the banks to gain access to a retail branch network, which offers a cost-effective means of marketing life policies.

Such a merger would give the bank involved greater access to Australia's growing market in compulsory superannuation contributions, which is emerging as the biggest growth area in financial services.

It might also provide an escape hatch for one of the weaker banks, probably ANZ, which had reached an advanced stage in negotiations with National Mutual when Mr Keating stepped in in 1990.

Westpac and AMP have a more limited marketing arrangement which might also provide a basis for a merger or close defensive alliance. AMP owns 15 per cent of Westpac, and the two groups share a number of directors.

An incoming conservative government could drop the ban on mergers without legislation, but a bid by any of the big six might be opposed by the Trades Practices Commission, the competition regulator.

The TPC can block mergers if it believes they would lead to "a substantial lessening of competition". The commission has not yet decided how this test would apply to the banks.

Mr Bernie Fraser, governor of the Reserve Bank of Australia (RBA), told a parliamentary banking inquiry last year he would not object to a banking merger on grounds of prudential supervision.

A coalition government would probably draw the line at a single merger. However, Mr Hewson might also be tempted to allow one of the weaker banks to be acquired by a strong overseas bank.

Such a takeover would end the balance sheet weaknesses undermining the sector. But it would require an amendment to the Bank Shareholders' Act, which would probably be opposed by the non-conservative majority in the Senate.

Mr Hewson has indicated a conservative government would sell the federal government's 70 per cent stake in Commonwealth, which was part-privatised by Labor last year.

Commonwealth has a strong balance sheet and the largest share of the loans and acceptances market. But it is unlikely to play much part in the rationalisation of the banking sector until after full privatisation, which could take some time.

The quoted banking sector will be expanded during the three-year term of the next parliament by the sale of state-owned banks in South Australia, Western Australia and New South Wales.

The coalition has also suggested during campaigning that it would set up an inquiry into the system of prudential supervision, described by Mr Hewson as "haphazard".

The inquiry would probably focus on the division of responsibilities between the RBA, which supervises the trading banks, and the state governments, which regulate building societies.

But it could be widened to review the roles of the Insurance and Superannuation Commission, which oversees the life offices, the Australian Securities Commission, the main corporate regulator, and the Australian Stock Exchange.

Worldwide demand lifts Levi Strauss to new highs

By Louise Kehoe in San Francisco

LEVI STRAUSS, the San Francisco-based clothing manufacturer, reported record sales and earnings for 1992 and became the first apparel company to exceed $5bn in annual sales.

The company said worldwide consumer demand for its denim jeans and US demand for its casual clothing lines were strong.

Levi Strauss Associates, the privately-held parent company of Levi Strauss & Company, reported net sales for the year of $5.6bn, a 14 per cent increase over the $4.9bn in 1991.

Net income for the year was $360.8m, up 1 per cent from $356.6m, despite a $158m pre-tax stock-option charge in the third quarter.

Excluding the charge, net income would have been approximately $475.8m, an increase of 33 per cent over 1991, the company said.

Record revenues and unit sales, a lower effective tax rate and lower interest expenses contributed to the income rise, the company said.

"Our results are particularly gratifying during a period of economic uncertainty in many of the markets that we serve worldwide," said Mr George James, chief financial officer.

For the fourth quarter of 1992, Levi unveiled net sales of $1.6bn, which were up 15 per cent from the same period last year.

PWA plans rights issue to creditors and lessors

By Robert Gibbens in Montreal

PWA, parent of Canadian Airlines, has sent a revised restructuring plan to senior creditors and aircraft lessors which reduces the total prepayment of claims through the issue of rights to buy PWA common stock.

The prepayment would be reduced from C$506m (US$400m) to C$423m.

Partly-secured creditors could also take prepayment in non-interest-bearing 10-year notes.

Holders of PWA subordinated debt, preferred and common stock, would also receive warrants to buy additional PWA stock.

As part of the restructuring, employees would invest the equivalent of C$207m via pay concessions and AMR of the US would invest C$246m in Canadian Airlines for a 25 per cent voting interest.

PWA said that if the revised plan were approved by the senior creditors, then it could resume paying interest and amounts due to lessors on April 30.

Payments were halted on all non-operating debt last November while the restructuring plan was worked out.

Dow Chemical plans to reduce headquarters staff

DOW CHEMICAL of the US is planning to eliminate about 6 per cent of the jobs at its corporate headquarters, the company announced yesterday, AP-DJ reports from Midland, Michigan.

The group posted a $489m loss for 1992, blaming a glut on the world chemical market and special charges relating to retiree healthcare benefits and income tax.

Dow said the costs of the workforce cuts were covered by a $430m charge the chemical company took against its fourth-quarter 1992 earnings.

Dow then said the charge would cover asset write-offs and write-downs, plant shutdowns, divestitures and consolidations.

Between 225 and 275 jobs would be cut at the Michigan office, which employs about 4,000 people, said Mr Enrique Sosa, president of Dow Chemical's North American operations.

The company said the cuts resulted from a combination of factors including slumps in the aerospace, automotive and construction industries, coupled with increased global competition in a shrinking and depressed worldwide chemical market.

Brazil state ore producer advances to $299.4m profit

By Bill in Hinchberger in San Paulo

COMPANHIA Vale do Rio Doce (CVRD), the state-controlled Brazilian mining company and a leading exporter of iron ore, unveiled profits of $299.4m for 1992, against a 1991 earnings figure of $251.9m.

Net sales were off slightly, to $2.28bn from $2.34bn in 1991.

This was due to a 4.9 per cent drop in mineral prices, and a 7 per cent decline in sales volume, said Mr Vitor Hallack, director of market relations.

He added that positive factors included a reduction in the company's debt, to $1.18bn from $1.54bn in 1991, and cuts in personnel expenditures of about $77m, owing to increased subcontracting of services.

● Freios Varga, a leading Brazilian auto parts company, posted losses of $4.4m last year, about half of the $9.6m it lost in 1991.

The company blamed Brazil's economic and political instability, particularly high inflation and high interest rates.

Varga, which makes brakes and exports 35 per cent of its production, is completing the reorganisation of an Argentinian subsidiary, Frenos Varga.

Chilean airline falls to $1.17m

LAN CHILE, the Chilean airline in which Scandinavian Airlines System has a 35 per cent stake, said it had net profit of $1.17m in 1992, Reuter reports from Santiago.

Profits were lower than the $3.5m posted for 1991, but Lan said they were made "in the context of a deep crisis in the world aviation industry".

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Provisional Price for Trading on 02.03.93 Pool purchase price £/MWh	Final Prices for Trading on 02.02.93 Pool purchase price £/MWh	Pool selling price £/MWh
0030	19.62	18.65	18.65
0100	23.00	23.66	23.42
0130	28.15	27.95	29.65
0200	28.15	27.95	28.60
0230	23.89	23.00	24.44
0300	23.89	23.00	24.44
0330	23.89	21.89	23.22
0400	23.89	18.65	18.65
0430	19.07	18.36	18.36
0500	19.07	18.36	18.36
0530	19.17	18.27	18.27
0600	19.13	18.27	18.27
0630	19.52	18.65	18.65
0700	24.11	21.82	23.25
0730	23.57	22.93	24.40
0800	26.76	23.38	24.84
0830	28.56	23.38	24.83
0900	28.89	23.39	24.84
0930	28.38	30.57	32.26
1000	29.40	30.57	32.25
1030	28.89	30.57	32.24
1100	28.96	30.56	32.25
1130	28.78	28.79	30.40
1200	29.69	28.78	30.36
1230	29.55	28.78	30.40
1300	29.18	26.64	28.22
1330	28.17	23.38	24.86
1400	27.96	23.38	24.86
1430	24.62	23.38	24.86
1500	24.25	19.31	19.31
1530	24.55	19.31	19.31
1600	24.79	23.39	24.87
1630	29.48	23.67	23.23
1700	30.46	34.27	36.96
1730	31.45	36.47	38.27
1800	38.92	36.38	39.06
1830	43.86	33.22	35.20
1900	43.75	28.73	30.31
1930	35.92	23.64	25.27
2000	29.86	23.20	24.92
2030	24.56	22.47	23.88
2100	24.13	22.23	23.63
2130	24.05	21.82	23.22
2200	22.82	21.82	23.22
2230	22.81	18.65	18.66
2300	19.07	18.27	18.27
2330	18.82	17.85	17.85
2400	18.00	17.62	17.82

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £14.86/MWh becomes 1.486p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456788 between 8:30am and 5.15pm Monday to Friday.

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INTERNATIONAL COMPANIES AND FINANCE

Teva 36% ahead on back of US sales surge

By Hugh Carnegy in Jerusalem

TEVA, Israel's leading pharmaceutical manufacturer, reported net profits up 36 per cent to Shk87.7m ($31.7m) in 1992, due mainly to a surge in US sales which carried overseas turnover ahead of domestic for the first time.

Sales in the US, where Teva has been targeting growth for several years, rose by more than 30 per cent to account for some 35 per cent of total group sales of Shk1.09bn, which in turn were up by 23 per cent. Total overseas sales reached Shk560m, reflecting Teva's strategy of growing beyond the limited local market and establishing itself as one of Israel's leading technology-based exporters.

The company said Teva's concentration on generic and prescription drugs through its own manufacturing and through Lemmon, its US subsidiary, had enabled it to sustain strong overseas growth despite the generally weak economic background throughout much of the year.

Teva, which is listed on Nasdaq in the US, has put much of its effort abroad into the more homogenous US market. But it said it was now seeking to expand in Europe, which at present accounts for 10 per cent of sales. It has acquired companies in Italy and Germany, and says it is looking for further acquisitions to extend its penetration in Europe.

The inflation-adjusted results showed earnings per ordinary share at Shk3.34, up from Shk2.74 in 1991.

● Green Cross, a Japanese pharmaceutical and blood-products concern, posted a 59 per cent fall in consolidated net profits to Y1.24bn ($10.5m) from Y2.97bn for the year to December, AP-DJ reports from Tokyo.

Sales rose 4.9 per cent to Y106.6bn from Y101.58bn, while pre-tax profits fell 15 per cent to Y5.3bn from Y6.2bn. Earnings per share fell 58 per cent to Y5.99 from Y14.35.

NEC predicts pre-tax loss of Y40bn as demand slows

By Michiyo Nakamoto in Tokyo

NEC, the Japanese electronics group, revised downwards its results forecast for the year to March and expects to see a Y40bn ($344m) pre-tax loss for the group on a consolidated basis.

The revision comes after NEC announced in October a pre-tax profits forecast of Y10bn. It reflects an unexpectedly depressed market for electronic products worldwide in the first three months of this year, the company said.

NEC now forecasts consolidated sales of Y3,620bn, compared with a previous forecast of Y3,780bn. A pre-tax loss of Y40bn compares with a profit of Y51.4bn in the year to March 1992. For the parent company, NEC expects a 5 per cent drop in sales to Y2,900bn and a pre-tax profit of Y18bn, which represents a 77 per cent decline from the previous Y80bn.

The company blamed the unexpectedly severe slowdown in domestic demand, particularly for electronic devices, for the revision of its results forecast. When NEC made its profits forecast in October, it had been expecting a customary seasonal rush of orders in the January to March period from corporations buying to use up their procurement budget. This year, however, that buying spree failed to materialise.

NEC has, like many Japanese semiconductor companies, been hurt by a severely depressed market for memory chips and by weak prices, which lasted until the fourth quarter of last year. In 1992, NEC lost its position as the world's largest semiconductor manufacturer to Intel of the US, according to Dataquest the market research group.

In its computer business, the company faces growing competition from US manufacturers in its home market where it has a 53 per cent market share.

For the fiscal year beginning in April, however, NEC expects overall revenues to increase by 4 to 5 per cent as the Japanese government's economic stimulus package and the recovery in the US market help to lift trading activity.

Robotics chief warns of tough 12 months

By Andrew Baxter

EUROPE'S $500m robotics market is facing a tough year in 1993 because of the recession in Germany and reduced investment by the automotive sector, said Mr Bruce Potts, executive vice-president of Fanuc Robotics Europe.

But the market was likely to bounce back next year because of strong underlying demand for robots by European manufacturers keen to improve their productivity, he said.

Mr Potts was speaking in Coventry at the unveiling by Fanuc Robotics, the world's largest robot producer, of its new series of robot control systems.

The controller is a key plank in Fanuc's strategy to broaden the use of robots in non-automotive markets: in Europe, for example, about 60 per cent of the installed base of 50,000 to 60,000 robots is used by the motor industry.

It is also an important element in Fanuc's strategy to become the market leader in Europe, where, said Mr Potts, it runs a "solid second" behind ABB Robotics.

In the past two years, the European robotics market has been relatively more resilient than other sectors of mechanical engineering.

Last year, the market was flat, with weakness in some countries offset by the effects of reunification in Germany, which accounts for about half the total market, and by carmakers' spending.

This year, said Mr Potts, the North American robot market will come out of recession and will be the best-performing of the major markets. The European market could fall from last year, but would still perform better than the recession-bound Japanese market.

Fanuc believes the new controller will have the same effect on the robot market as the "graphical user interface" had on personal computers by making the robot easier to understand for users in areas such as welding, mechanical handling and painting.

Wine export growth steadies SA Brewing earnings at midway

By Kevin Brown in Sydney

SA BREWING, the Australian food and industrial group, yesterday reported a 1.1 per cent increase in interim net profit to A$57.15m (US$39.72m) for the six months to the end of December.

The group said strong appliance sales, higher wine exports and lower interest costs offset poor results from beer and packaging operations. Sales increased by 7.3 per cent to A$1.12bn.

Mr Ross Wilson, managing director, said the outlook for the second half "looks reasonably favourable".

Mr Wilson said wine exports were growing strongly. He forecast a significant increase in profits from the US following the rationalisation of the recently-acquired Mor-Flo water heater business.

The group's packaging margins came under pressure in the first half following the loss of a contract to supply cartons to Carlton and United Breweries, a subsidiary of Foster's Brewing Group.

The loss of the contract was reflected in the beverage and food division's reduced earnings before tax and interest, which fell to A$36.8m, compared to A$43.8m in the comparable period of the previous year.

The group said the lower contribution also reflected a fall of 6.3 per cent in the core South Australian beer market during the period, compared with a decline of 4.7 per cent in the national market.

SA Brewing said the contribution from the packaging division fell to A$48.6m from A$49.5m before tax and interest costs. The appliance division contribution rose to A$33.8m, compared with A$29.8m.

Mr Wilson said the group's balance sheet was strong, and confirmed that the board had considered a number of potential acquisitions.

The directors declared an unchanged dividend of 7.75 cents a share, fully franked.

SA Brewing shares closed 4 cents higher at A$3.43 on the Australian Stock Exchange.

Safren 18% lower in poor trading conditions

By Philip Gawith in Johannesburg

SAFREN, the South African shipping, leisure and freight handling group, recorded an 18 per cent drop in attributable earnings for the six months to the end of December as deteriorating trading conditions affected all its divisions.

Turnover rose marginally to R2.37bn ($764m) from R2.31bn during the same period in 1991, but operating profit was 1 per cent lower at R334.6m compared with R337.8m. A sharp rise, however, in net interest paid – to R24.2m from R1m – and a decline in the share of associated companies' profits, which fell to R36.7m from R63.4m, caused attributable earnings to fall to R109.4m from R133.3m.

The interim dividend is being maintained at 65 cents per share despite earnings per share falling by 18.6 per cent to 202 cents from 248 cents.

Increased competition and the recession, both in South Africa and abroad, caused Safmarine, the shipping and transport subsidiary, to experience declining cargo volumes and reduced freight rates in its liner and bulk trades.

Increased depreciation and interest arising from large investments in new ships and containers also affected profit adversely. Safair, the freight carrier, suffered from the resurgence of hostilities in Angola, while Flitestar, the domestic airline, incurred substantial losses owing to overcapacity and predatory pricing on domestic routes.

Profits at Kersaf, the leisure and entertainment arm, were lower due to difficult trading conditions, aggravated by construction work at its main resorts and competition from unregulated casinos. Rennies, the freight handling group, benefited from its participation in a drought relief scheme in the region and lifted profits.

Safmarine, Rennies and Kersaf respectively contributed 22 per cent, 21 per cent and 56 per cent to Safren's attributable profit.

Comalco returns to the black

By Kevin Brown

COMALCO, the Australian aluminium manufacturer, yesterday reported net profits of A$42.5m (US$29.54m) after abnormal items for the year to December, compared with losses of A$72.2m in the previous year.

However, net profits before abnormal items increased by a more modest A$18m to A$39.6m, largely as a result of a lower tax bill. The group warned that it expected "difficult" conditions to continue in the current year.

Comalco said the bottom-line result included an abnormal profit of A$2.9m following a detailed review of asset values.

The 1991 result included an abnormal loss of A$93.7m caused by a A$200m provision against asset values offset by a transfer of A$106.3m from the group superannuation fund.

Mr Nick Stump, chief executive, said sales volumes had been reduced by difficult trading conditions. However, the impact was offset by a more competitive exchange rate, which helped sales increase to A$2.1bn from A$2bn.

Comalco said an improved result from Commonwealth Aluminium, a US subsidiary, was largely offset by lower aluminium and alumina prices. Aluminium prices averaged $US1,279 a tonne, compared with US$1,333 in 1991. The group said prices had averaged $US1,227 this year.

"No major improvements in price and demand are likely to occur before 1994, but the longer-term outlook is sound as demand grows in the Asian economies and there is increased use of aluminium worldwide by the packaging and automobile industries," Comalco said.

The directors raised the final dividend to 3 cents, fully franked, from 2 cents in 1991, making a total dividend of 5 cents, compared with 4 cents. Comalco is 67 per cent owned by CRA, the Australian resources group, which is 49 per cent owned by RTZ of the UK.

North Broken Hill Peko up 24%

By Kevin Brown

NORTH Broken Hill Peko (North), the Australian resources group, has reported a 24 per cent increase in net profit to A$52.3m (US$36m) for the six months to the end of December.

However, the group said pre-tax profit fell by A$25m to A$113m, partly because of the cost of restructuring in the forestry and paper production divisions.

The improvement in net profit reflected a gain of A$16.8m from the sale of shares and a reduction of A$11.4m in net interest costs, which fell to A$23.4m as a result of debt reduction and lower interest rates.

The board said second-half net profit should equal the first-half result, but warned that earnings would be affected by lower iron ore prices and difficult trading conditions facing the forestry and paper businesses.

At the operating level, the group said three of its four divisions suffered falls in pre-tax earnings. Warman International, the mining pump manufacturer, increased profit by 70 per cent to A$14m. Sales fell 7 per cent to A$751m.

New Zealand Refining improves 7% over year

By Terry Hall in Wellington

NEW Zealand Refining Company, which operates the Marsden Point Oil Refinery, has reported a 7 per cent rise in profits to NZ$53.02m (US$27.77m) in the year to December 31.

New Zealand Refining is controlled by a consortium of Shell, BP, Mobil and Caltex, with 20 per cent held by the New Zealand public. The company is recommending a final dividend of 75 cents a share, making a full-year payment of NZ$1.25, up from 70 cents in 1991.

Total operating revenues rose to NZ$280.35m from NZ$275.2m, while operating profits advanced to NZ$79.76m from NZ$74.34m. Tax took NZ$26.73m compared with NZ$24.81m.

● Fernz Corp, one of the biggest listed fertiliser companies in Australia and New Zealand, yesterday announced expansion into Malaysia, taking a controlling interest in Ancom, a Malaysian agricultural chemist, for NZ$12m.

Ancom Berhad is listed on the Malaysian Stock Exchange. Fernz is involved in industrial chemicals, timber treatment processing, and fertiliser making.

Fernz announced its first links with Ancom Berhad in 1991. The purchase of the Malaysian interests is through Fernz subsidiary Nufarm Energy. The agreement needs Malaysian government approval.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, March 1, 1993. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	68.9236	41.8776	58.1259
Albania	(Lek)	157.85	109.618	66.6033	92.445
Algeria	(Dinar)	32.59	22.6319	13.751	19.0863
Andorra	(Fr Fr)	8.0425	5.585	3.3934	4.7101
	(Sp Peseta)	170.30	118.264	71.8565	99.7364
Angola	(Kwanza)	9948.02	6908.35	4197.48	5826.07
Antigua	(E Carr $)	3.8745	2.6906	1.6348	2.2691
Argentina	(Peso)	1.4403	1.0002	0.6077	0.8435
Aruba	(Florin)	2.5687	1.7838	1.0838	1.5043
Australia	(Aus $)	2.0450	1.4201	0.8628	1.1976
Austria	(Schilling)	16.685	11.5868	7.04	9.7715
Azores	(Port Escudo)	217.50	151.042	91.7721	127.379
Bahamas	(Bahama $)	1.4400	1	0.6075	0.8433
Bahrain	(Dinar)	0.5410	0.3756	0.2282	0.3168
Balearic Is	(Sp Peseta)	170.30	118.264	71.8565	99.7364
Bangladesh	(Taka)	55.8059	38.754	23.5467	32.6828
Barbados	(Barb $)	2.8862	2.0043	1.2178	1.6903
Belgium	(Belg Fr)	48.85	33.9236	20.6118	28.609
Belize	(B $)	2.8700	1.993	1.2109	1.6808
Benin	(CFA Fr)	402.125	279.253	169.673	235.505
Bermuda	(Bermudian $)	1.4400	1	0.6075	0.8433
Bhutan	(Ngultrum)	46.00	31.9444	19.4092	26.9399
Bolivia	(Boliviano)	5.9401	4.125	2.5063	3.4788
Botswana	(Pula)	3.3314	2.3134	1.4056	1.951
Brazil	(Cruzeiro)	28909.7	20076.2	12198.2	16931
Brunei	(Brunei $)	2.3685	1.6447	0.9993	1.3871
Bulgaria	(Lev)	37.88	26.3055	15.9831	22.1844
Burkina Faso	(CFA Fr)	402.125	279.253	169.673	235.505
Burma	(Kyat)	9.4752	6.58	3.9979	5.5491
Burundi	(Burundi Fr)	342.71	237.993	144.603	200.709
Cambodia	(Riel)	2870.00	1993.06	1210.97	1680.82
Cameroon	(CFA Fr)	402.125	279.253	169.673	235.505
Canada	(Canadian $)	1.8010	1.2506	0.7599	1.0547
Canary Is	(Sp Peseta)	170.30	118.264	71.8565	99.7364
Cp. Verde	(CV Escudo)	106.477	73.9423	44.927	62.3584
Cayman Is	(CI $)	1.2198	0.847	0.5146	0.7143
Cent. Afr. Rep	(CFA Fr)	402.125	279.253	169.673	235.505
Chad	(CFA Fr)	402.125	279.253	169.673	235.505
Chile	(Chilean Peso)	559.89	388.813	236.241	327.9
China	(Renminbi Yuan)	8.2143q	5.7043	3.4659	4.8107
Colombia	(Col Peso)	1188.30	825.208	501.392	695.93
CIS ♦	(Rouble)	0.8550o	0.5937	0.3607	0.5007
		845.80m	587.361	356.878	495.344
Comoros	(CFA Fr)	402.125	279.253	169.673	235.505
Congo (Brazz)	(CFA Fr)	402.125	279.253	169.673	235.505
Costa Rica	(Colon)	198.3170	137.72	83.678	116.145
Côte d'Ivoire	(CFA Fr)	402.125	279.253	169.673	235.505
Croatia	(Dinar)	1750.77	1215.81	738.722	1025.34
Cuba	(Cuban Peso)	1.0869	0.7547	0.4586	0.6365
Cyprus	(Cyprus £)	0.7087	0.4921	0.299	0.415
Czech Rep.	(Koruna)	41.70c	28.9583	17.5949	24.4216
		40.10t	27.8472	16.9198	23.4846
Denmark	(Danish Kroner)	9.0900	6.3125	3.8354	5.3235
Djibouti Rep	(Djib Fr)	253.00	175.694	106.751	148.17
Dominica	(E Carrib $)	3.8745	2.6906	1.6348	2.2691
Dominican Rep	(D Peso)	18.6550	12.9548	7.8713	10.9253
Ecuador	(Sucre)	2647.57o	1838.59	1117.12	1550.55
		2654.75s	1843.58	1120.15	1554.76
Egypt	(Egyptian £)	4.7307	3.2852	1.996	2.7705
El Salvador	(Colon)	12.6137	8.7595	5.3222	7.3872
Equat'l Guinea	(CFA Fr)	402.125	279.253	169.673	235.505
Estonia	(Kroon)	18.8960	13.1222	7.9729	11.0664
Ethiopia	(Ethiopian Birr)	7.0983	4.9293	2.995	4.1571
Falkland Is	(Falk £)	1.00	0.6944	0.4219	0.5856
Faroe Is	(Danish Kroner)	9.0900	6.3125	3.8354	5.3235
Fiji Is	(Fiji $)	2.2530	1.5645	0.9506	1.3194
Finland	(Markka)	8.5958	5.9693	3.6269	5.0341
France	(Fr)	8.0425	5.585	3.3934	4.7101
Fr. Cty/Africa	(CFA Fr)	402.125	279.253	169.673	235.505
Fr. Guiana	(Local Fr)	8.0425	5.585	3.3934	4.7101
Fr. Pacific Is	(CFP Fr)	142.00	98.6111	59.9156	83.1625
Gabon	(CFA Fr)	402.125	279.253	169.673	235.505
Gambia	(Dalasi)	12.1975	8.4704	5.1466	7.1434
Germany	(D-Mark)	2.3700	1.6458	1	1.3879
Ghana	(Cedi)	846.65	587.951	357.236	495.842
Gibraltar	(Gib £)	1.00	0.6944	0.4219	0.5856
Greece	(Drachma)	320.075	222.274	135.053	187.452
Greenland	(Danish Krone)	9.0900	6.3125	3.8354	5.3235
Grenada	(E Carr $)	3.8745	2.6906	1.6348	2.2691
Guadaloupe	(Local Fr)	8.0425	5.585	3.3934	4.7101
Guam	(US $)	1.4400	1	0.6075	0.8433
Guatemala	(Quetzal)	7.7060	5.3513	3.2514	4.513
Guinea	(Fr)	1165.64	809.472	491.831	682.659
Guinea-Bissau	(Peso)	7175.00	4982.64	3027.43	4202.05
Guyana	(Guyanese $)	179.375	124.566	75.6856	105.051
Haiti	(Goude)	17.2200	11.9583	7.2658	10.0849
Honduras	(Lempira)	8.4665	5.8795	3.5723	4.9584
Hong Kong	(HK $)	11.1425	7.7378	4.7014	6.5256
Hungary	(Forint)	124.2997	86.3192	52.4471	72.7963
Iceland	(Icelandic Krona)	93.3843	64.8502	39.4026	54.6906
India♦	(Indian Rupee)	46.00m	31.9444	19.4092	26.9399
Indonesia	(Rupiah)	2950.07	2048.66	1244.76	1727.71
Iran	(Rial)	2200.0v	1527.78	928.27	1288.43
		98.50o	68.4027	41.5611	57.6866
Iraq	(Iraqi Dinar)	0.5936	0.4122	0.2504	0.3476
Irish Rep	(Punt)	0.9745	0.6767	0.4111	0.5707
Israel	(Shekel)	4.0100	2.7847	1.6919	2.3484
Italy	(Lira)	2254.25	1565.45	951.16	1320.2
Jamaica	(Jamaican $)	31.6705	21.9934	13.363	18.5478
Japan	(Yen)	170.75	118.576	72.0464	100
Jordan	(Jordanian Dinar)	0.9880	0.6861	0.4168	0.5786
Kenya‡	(Kenya Shilling)	71.75v	49.8263	30.2742	42.0204
Kiribati	(Australian $)	2.0450	1.4201	0.8628	1.1976
Korea North	(Won)	3.0853	2.1425	1.3018	1.8069
Korea South	(Won)	1134.325	787.726	478.618	664.319
Kuwait	(Kuwaiti Dinar)	0.4422	0.307	0.1865	0.2589
Laos	(New Kip)	1033.20	717.5	435.949	605.095
Lebanon	(Lebanese £)	2495.42	1732.93	1052.92	1461.45
Lesotho	(Maluti)	4.53825	3.1515	1.9148	2.6578
Liberia	(Liberian $)	1.4400	1	0.6075	0.8433
Libya	(Libyan Dinar)	0.4166	0.2893	0.1757	0.2439
Liechtenstein	(Swiss Fr)	2.1975	1.526	0.9272	1.2869
Luxembourg	(Lux Fr)	48.85	33.9236	20.6118	28.609
Macao	(Pataca)	11.4638	7.9609	4.837	6.7137
Madagascar	(MG Fr)	2654.75	1843.58	1120.15	1554.76
Madeira	(Port Escudo)	217.50	151.042	91.7721	127.379
Malawi	(Kwacha)	6.3212	4.3897	2.6671	3.702
Malaysia	(Ringgit)	3.79050	2.6322	1.5993	2.2199
Maldive Is	(Rufiyaa)	17.1841	11.9334	7.2506	10.0638
Mali Rep	(CFA Fr)	402.125	279.253	169.673	235.505
Malta	(Maltese £)	0.5465	0.3795	0.2305	0.32
Martinique	(Local Fr)	8.0425	5.585	3.3934	4.7101
Mauritania	(Ouguiya)	150.675	104.635	63.5759	88.243
Mauritius	(Maur Rupee)	24.0219	16.6818	10.1358	14.0684
Mexico	(Mexican Peso)	4.46275	3.099	1.8829	2.6135
Miquelon	(Local Fr)	8.0425	5.585	3.3934	4.7101
Monaco	(French Fr)	8.0425	5.585	3.3934	4.7101
Mongolia	(Tugrik)	215.250	149.479	90.8227	126.061
Montserrat	(E Carr $)	3.8745	2.6906	1.6348	2.2691
Morocco	(Dirham)	12.8790	8.9437	5.4341	7.5426
Mozambique	(Metical)	3835.68	2663.67	1618.43	2246.37
Namibia	(S A Rand)	4.53825	3.1515	1.9148	2.6578
Nauru Is	(Australian $)	2.0450	1.4201	0.8628	1.1976
Nepal	(Nepalese Rupee)	66.77	46.368	28.1729	39.1039
Netherlands	(Guilder)	2.6675	1.8524	1.1255	1.5622
N'nd Antilles	(A/Guilder)	2.5687	1.7838	1.0838	1.5043
New Zealand	(NZ $)	2.7345	1.8989	1.1537	1.6014
Nicaragua	(Gold Cordoba)	8.6100	5.9791	3.6329	5.0424
Niger Rep	(CFA Fr)	402.125	279.253	164.673	235.505
Nigeria	(Naira)	35.8750	24.9131	15.1371	21.0102
Norway	(Nor. Krone)	10.0900	7.0069	4.2573	5.9092
Oman	(Rial Omani)	0.5527	0.3838	0.2332	0.3236
Pakistan	(Pak. Rupee)	37.5384	26.0683	15.8389	21.9844
Panama	(Balboa)	1.4400	1	0.6075	0.8433
Papua New Guinea	(Kina)	1.4110	0.9798	0.5953	0.8263
Paraguay	(Guarani)	2380.66	1653.24	1004.5	1394.24
Peru	(New Sol)	2.5500	1.7708	1.0759	1.4934
Philippines	(Peso)	35.60	24.7222	15.021	20.8491
Pitcairn Is	(£ Sterling)	1.00	0.6944	0.4219	0.5856
	(NZ $)	2.7345	1.8989	1.1537	1.6014
Poland	(Zloty)	23515.00	16329.9	9921.94	13771.6
Portugal	(Escudo)	217.50	151.042	91.7721	127.379
Puerto Rico	(US $)	1.4400	1	0.6075	0.8433
Qatar	(Riyal)	5.2253	3.6286	2.2047	3.0602
Reunion Is. de la	(F/Fr)	8.0425	5.585	3.3934	4.7101
Romania	(Leu)	820.82q	570.014	346.338	480.714
Rwanda	(Fr)	207.15	143.854	87.405	121.318
St Christopher	(E Carr $)	3.8745	2.6906	1.6348	2.2691
St Helena	(£)	1.00	0.6944	0.4219	0.5856
St Lucia	(E Carr $)	3.8745	2.6906	1.6348	2.2691
St Pierre	(French Fr)	8.0425	5.585	3.3934	4.7101
St Vincent	(E Carr $)	3.8745	2.6906	1.6348	2.2691
San Marino	(Italian Lira)	2254.25	1565.45	951.16	1320.2
Sao Tome	(Dobra)	344.40	239.167	145.316	201.698
Saudi Arabia	(Riyal)	5.4030	3.752	2.2797	3.1642
Senegal	(CFA Fr)	402.125	279.253	169.673	235.505
Seychelles	(Rupee)	7.4907	5.2018	3.1606	4.3869
Sierra Leone	(Leone)	767.73	533.146	323.937	449.622
Singapore	($)	2.3685	1.6447	0.9993	1.3871
Slovakia	(Koruna)	41.67c	28.9375	17.5822	24.404
		40.10t	27.8472	16.9198	23.4846
Slovenia	(Tolar)	149.0248	103.489	62.8796	87.2766
Solomon Is	($)	4.5470	3.1576	1.9185	2.6629
Somali Rep	(Shilling)	3759.70	2610.9	1586.37	2201.87
South Africa	(Rand)	4.53825c	3.1515	1.9148	2.6578
		6.5470q	4.5465	2.7624	3.8342
Spain	(Peseta)	170.30	118.264	71.8565	99.7364
Spanish Ports in N Africa	(Sp Peseta)	170.30	118.264	71.8565	99.7364
Sri Lanka	(Rupee)	66.6073	46.255	28.1043	39.0086
Sudan Rep	(Dinar)	14.3500	9.9652	6.0548	8.404
Surinam	(Guilder)	2.5615	1.7788	1.0808	1.5001
Swaziland	(Lilangeni)	4.53825	3.1515	1.9148	2.6578
Sweden	(Krona)	11.1900	7.7708	4.7215	6.5534
Switzerland	(Fr)	2.1975	1.526	0.9272	1.2869
Syria	(£)	30.1350	20.927	12.7151	17.6486
Taiwan	($)	37.075	25.7465	15.6434	21.713
Tanzania	(Shilling)	490.77	340.813	207.076	287.42
Thailand	(Baht)	36.52	25.3611	15.4092	21.3879
Togo Rep	(CFA Fr)	402.125	279.253	169.673	235.505
Tonga Is	(Pa Anga)	2.0450	1.4201	0.8628	1.1976
Trinidad/Tobago	($)	6.0988	4.25	2.5733	3.5717
Tunisia	(Dinar)	1.4408	1.0005	0.6079	0.8438
Turkey	(Lira)	13062.61	9071.26	5511.65	7650.14
Turks & Caicos	(US $)	1.4400	1	0.6075	0.8433
Tuvalu	(Australian $)	2.0450	1.4201	0.8628	1.1976
Uganda	(New Shilling)	1693.87	1176.3	714.713	992.018
UAE	(Dirham)	5.28950	3.6732	2.2318	3.0978
United Kingdom	(£)	1.00	0.6944	0.4219	0.5856
United States	(US $)	1.4400	1	0.6075	0.8433
Uruguay	(Peso)	5170.31	3590.49	2181.57	3028
Vanuatu	(Vatu)	170.41	118.34	71.9029	99.8008
Vatican	(Lira)	2254.25	1565.45	951.16	1320.2
Venezuela	(Bolivar)	119.23	82.7986	50.308	69.8272
Vietnam	(Dong)	15001.85	10473.5	6363.65	8832.71
Virgin Is-British	(US $)	1.4400	1	0.6075	0.8433
Virgin Is-US	(US $)	1.4400	1	0.6075	0.8433
Western Samoa	(Tala)	3.6700	2.5486	1.5485	2.1493
Yemen (Rep of)	(Rial)	23.6775	16.4427	9.9905	13.8667
Yemen (Rep of)	(Dinar)	0.6673	0.4634	0.2815	0.3908
Yugoslavia	(New Dinar)	1076.25	747.396	454.114	630.307
Zaire Rep	(Zaire)	3758800.0	2610278	1585992	2201347
Zambia	(Kwacha)	624.23	433.493	263.388	365.581
Zimbabwe	($)	9.2629	6.4325	3.9083	5.4248

Special Drawing Rights February 26, 1993 United Kingdom £0.964872 United States $1.37610 Germany D Mark 2.26095 Japan Yen161.967
European Currency Unit Rates March 1, 1993 United Kingdom £0.817599 United States $1.17546 Germany D Mark 1.94010 Japan Yen139.433

Abbreviations. (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate. (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate; (u) Currencies fixed against the US Dollar (v) Floating rate; ♦ CIS applies to states in the Rouble Zone. ‡Kenya, Shilling floated 24.2.93. ♦India, Rupee fully floated 1.3.93. Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday March 1, 1993

INTERNATIONAL CAPITAL MARKETS

Gilts strengthened by a sharp recovery in sterling

By Richard Waters in London and Karen Zagor in New York

GERMAN government bonds rose sharply yesterday on hopes of a cut in official interest rates by the Bundesbank on Thursday, dragging other European bond markets in their wake. UK government bonds were further helped by a sharp recovery in sterling, prompting longer-dated gilt price to rise by a point.

The yield on 10-year bunds fell to 6.66 per cent as prices jumped by half a point. The yield had broken below 6.75 per cent only last Friday, having stood at 7 per cent two weeks ago.

GOVERNMENT BONDS

Comments made after the weekend meeting in London of G7 finance ministers were the cause of the continuing enthusiasm for German bonds, analysts said.

The beneficial effects of the German wage round, completed at the end of last week, had already been reflected in market prices.

However, several observers warned that the rally had been so strong in recent days that little short of a 50 basis point cut in official German interest rates this week, and a significant reduction in the Repurchase agreement rate, would meet the market's hopes.

"It's difficult to see what the Bundesbank can do to satisfy these expectations," said Ms Alison Cottrell, of Midland Global Markets.

■ LONG-DATED gilts jumped by a point as sterling bounced from its recent lows, prompting speculation that foreign investors would soon start to return to the market.

There was further encouragement from official figures which showed that banks and building societies in the UK increased their holdings of gilts by £2.9bn during January, to £11.4bn, as the steepening sterling yield curve made longer-dated bonds more attractive.

This was likely to encourage the UK government to amend its funding rules to allow such purchases to count towards funding of the government's borrowing requirement, analysts said.

The strong rise in gilts prompted the Bank of England to issue four further tranches of tap stock, weighted towards the longer end of the yield curve: £400m of 7¼ per cent stock due 1998, £250m of 9¾ per cent stock due 2002, £250m of 8¾ per cent bonds due 2017 and £100m of 2½ per cent index-linked gilts due 2013.

With market observers generally revising down their forecasts of the current year's borrowing requirement in the wake of good figures for January, such sales are likely to eat further into next year's PSBR.

■ OTHER European bond markets jumped on the hopes of a German rate cut and an easing of tensions within the European exchange rate mechanism.

French government bonds rose almost as sharply, though the yield spread between French and German bonds widened out slightly to around 90 basis points. With elections later this month, the political risk presented by French bonds was likely to keep the yield spread against Germany at least at current levels, analysts warned.

An auction of French OATs later this week would also limit the gains on 10-year bonds, said Mr Philip Tyson, an economist at UBS Phillips & Drew.

■ US TREASURY prices moved broadly higher early yesterday as the market paid more attention to the morning's purchasing manager's report than to Friday's explosion at the World Trade Center.

By midday, the benchmark 30-year government bond was [illegible] higher at 103[illegible], yielding 6.841 per cent. At the short end of the market, the two-year note was up ⅛ to yield 3.875 per cent.

Morning trading reflected a recent trend of money moving into Treasuries from mortgage-backed securities. Bond market investors were encouraged by a report by the National Association of Purchasing Management which showed a drop in the business activity index to 55.8 in February from 58 in January.

The decline was steeper than expected.

Although overall market trading was uninterrupted by Friday's explosion, a number of firms have had their operations disrupted, including Yamaichi International, now operating from offices in New Jersey, and Dean Witter Reynolds.

FT FIXED INTEREST INDICES

	Mar 1	Feb 26	Feb 25	Feb 24	Feb 23	Year ago	High *	Low *
Govt Secs (UK)	97.06	96.71	96.26	96.52	96.54	88.26	97.06	85.11
Fixed Interest	112.19	112.34	112.36	112.50	112.41	101.33	112.50	97.15

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1992/93. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 112.50 (24/2/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Feb 26	Feb 25	Feb 24	Feb 23	Feb 22
Gilt Edged Bargains	110.6	119.8	136.1	127.2	136.5
5-Day average	128.0	131.4	135.6	136.1	140.4

*SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	115.0485	+1.667	7.75	8.24	8.65
BELGIUM		9.000	03/03	110.5750	+0.590	7.47	7.56	7.57
CANADA *		7.250	06/03	99.3500	+0.350	7.34	7.53	8.00
DENMARK		8.000	05/03	98.9000	+1.850	8.40	8.51	8.51
FRANCE	BTAN	8.500	03/97	103.0977	+0.375	7.57	7.72	8.02
	OAT	8.500	11/02	100.9100	+8.460	7.46	7.59	7.06
GERMANY		8.000	07/02	109.0900	+0.500	6.66	6.83	7.18
ITALY		12.000	05/02	96.1800	+0.565	13.11†	13.08	13.30
JAPAN	No 110	4.800	06/99	104.8209	-0.108	3.65	3.87	4.21
	No 145	5.500	03/02	110.8180	-0.151	3.66	3.99	4.31
NETHERLANDS		8.250	06/02	111.7700	+8.718	8.51	8.72	7.09
SPAIN		18.300	06/02	93.0750	+1.200	11.53	11.50	11.82
UK GILTS		7.250	03/98	102-28	-	6.58	8.68	8.73
		8.000	06/03	52-07	+23/32	7.66	7.79	7.97
		9.000	10/08	106-28	+24/32	8.18	8.30	8.56
US TREASURY *		6.250	02/03	102-06	+13/32	5.95	8.18	6.39
		7.125	02/23	103-22	+20/32	8.83	7.04	7.20
ECU (French Govt)		8.500	03/02	104.8550	+8.540	7.72	7.78	8.18

London closing, *New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

German money markets lifted by new paper

By Richard Waters

THE development of the German money markets was given an added stimulus yesterday as the first issue of short-dated government paper, or bulis, coincided with the first issue of money market instruments from a German bank.

The Bundesbank sold DM14.8bn of three, six and nine-month paper, soaking up some of the extra liquidity created as a cut in German minimum reserves ratios took effect.

The change in minimum reserve policy, announced last month, released DM32bn to the banking system, which had previously been tied up in interest-free deposits with the Bundesbank.

The cut in minimum reserves on bank deposits to 2 per cent prompted Bayerische Vereinsbank to issue short-dated paper. It is the first German bank to take such a step.

The bank's paper has been timed to mature on the quarterly settlement days of the Euro-DM futures contract on Liffe, potentially making it a more useful instrument in interest rate risk management, said Mr Norbert Juchem, a deputy member of the board of managing directors.

The bulis auctioned yesterday attracted bids of more than DM30bn, helping to push the yield levels on the paper sold well below current yields on comparable short-term deposits. The DM4.7bn of three-month paper issued, for example, was sold at a yield of 7.86 per cent, below the 8.06 per cent deposit rate.

Some DM5.7bn of six-month bulis were sold at a yield of 7.52 per cent, with the DM4.4bn of nine-month paper giving a yield of 7.06 per cent.

"The auction went well, with a high level of bids," said Mr Klaus Baader of UBS Phillips & Drew in London. He expressed surprise, though, that the three-month paper was yielding so much less than the three-month deposit rate.

Bayerische said its paper was trading late yesterday at a yield ¼ point below the London Interbank Bid Rate (Libid), in line with price levels for commercial paper issued by such names as Daimler-Benz and the Bundespost.

Borrowers kept on sideline by interest rate hopes

By Antonia Sharpe

ONLY a handful of Eurobond issues surfaced yesterday, as the international bond market took a breather after several weeks of heavy new-issue activity.

Expectations that the Bundesbank would cut leading interest rates at its fortnightly meeting on Thursday kept borrowers on the sidelines, syndicate managers said.

INTERNATIONAL BONDS

However, new-issue activity is expected to pick up again quickly, with the market waiting for the Province of Ontario's first global Canadian dollar bond issue later this week. The province expects to raise a minimum of C$1bn through the issue, which is likely to have a maturity of 10 years and a yield spread of around 90 basis points above comparable Canadian government bonds.

However, a decline in swap spreads in the Canadian dollar market has caused other potential issuers of Canadian dollar Eurobonds to reconsider their options, syndicate managers said.

Among yesterday's issues, ABN Amro Bank led a seven-year guilder Eurobond issue for itself, raising the amount to Fl 1bn from Fl 750m due to good demand. The bonds, which carry a coupon of 6⅝ per cent, were priced to yield 17.5 basis points above the 9 per cent Dutch government bonds due 2000. When the bonds were freed to trade, the spread narrowed slightly.

An official at ABN Amro said the issue had been placed by mid-afternoon, mainly with institutions and banks in the Netherlands, Switzerland, Belgium, Luxembourg and Austria. He added that the bonds had been pitched at the seven-year area of the yield curve where supply was scarce. Recent guilder issues have been concentrated in the 10-year area.

Elsewhere, the Council of Europe re-opened its 9 per cent Ecu1bn Eurobond issue due 2001 and raised a further Ecu100m. The original issue was launched in November 1991. The new tranche was priced at 106.30 to yield 7.96 per cent. When the bonds were freed to trade, the price rose to 106.40 to yield 7.94 per cent.

An official at the lead manager, Goldman Sachs, said that the Council of Europe had been looking to re-open the issue for some time and that it had made sense to lock into current rates in view of the recent strength in the Ecu market.

Goldman Sachs also arranged a four-year Y30bn Eurobond issue for Mitsui Fudosan Company, Japan's largest commercial real estate developer.

The bonds, which carry a coupon of 4.3 per cent, were sold around par, within total fees of 1⅝ per cent.

They were mainly placed with investors in the Asia Pacific region.

Late in the day, Electricité de France re-opened its FFr3bn zero-coupon Eurobond issue for the second time, and raised a further FFr1bn. The original issue of FFr2bn was launched in November 1991 and was increased by FFr1bn in November 1992.

The new tranche was priced at 49.50 to yield five basis points above the 8½ per cent OATs due 2002.

● The European Bank for Reconstruction and Development has raised more than half of its planned Ecu900m of borrowings for this year, Mr René Karsenti, treasurer, said yesterday. He added that the EBRD was looking closely at returning to the Ecu bond market, but that it could still achieve a lower all-in cost by borrowing in other currencies and swapping.

The EBRD's average borrowing costs last year, after swaps, amounted to 40 basis points below Libor, with an average maturity of seven years.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
YEN						
Mitsui Fudosan Co.	30bn	4.3	101.485	Jun.1997	1.625/1.325	Goldman Sachs Intl.
FRENCH FRANCS						
Electricité de France(a)	1bn	zero	49.5	Dec.2002	8.2/-	Paribas Cap.Mkts.
ECUS						
Council of Europe(b)	100	8	106.3	Nov.2001	-/0.1	Goldman Sachs Intl.
GUILDERS						
ABN Amro Bank	1bn	8.625	100.75	Apr.2000	1/0.625	ABN Amro Bank

Final terms and non-callable unless stated. a) Fungible with the outstanding FFr3bn 40 days after payment date. b) Fungible with the outstanding Ecu1bn. Plus 121 days accrued interest.

OECD highlights risk to corporate issuers

By Antonia Sharpe

CORPORATE borrowers could be crowded out of the international and foreign bond markets by the heavy borrowing requirements of public sector entities, the Organisation for Economic Co-operation and Development (OECD) warns in its latest report on financial market trends.

However, even if the financing demands of the public sector remain heavy for a prolonged period, favourable market conditions may induce large corporate borrowers to lock in borrowing terms in those markets that are perceived to be near the bottom of the interest rate cycle.

"Even if this strategy may imply the acceptance of somewhat larger spreads relative to treasuries, its pursuit may prove profitable in a longer-term perspective," the Paris-based OECD says. It adds that all available indicators support the view that the size of capital demand for 1993 will be much larger than in recent years.

According to the OECD, offerings by governments in the international and foreign bond markets rose to $64bn in 1992 from $43bn one year earlier, and accounted for 19 per cent of overall new issues of $334bn last year. This compared with a share of 14 per cent and 11 per cent in 1991 and 1990 respectively.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7.05 pm on March 1

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month above mean rate) for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	59	6	12
Other Fixed Interest	3	2	10
Commercial, Industrial	440	169	806
Financial & Property	271	102	422
Oil & Gas	20	17	47
Plantations	0	0	8
Mines	20	37	82
Others	44	37	41
Totals	857	370	1,428

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am't Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
51	F.P.	-	68	52	Intl. Food Machinery	67		-	-	-	-
-	F.P.	-	93	91	♦Merlin Intl Units	91		-	-	-	-
§210	F.P.	-	280	262	Motor World	269	+3	R6.3	2.5	3.1	16.8
-	F.P.	-	98	84	New City & Commcl. Inv.	97	+1	-	-	-	-
-	F.P.	-	28	18	Do. Warrants	19	+1	-	-	-	-

FIXED INTEREST STOCKS

RIGHTS OFFERS

a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. z Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ♥ Units comprising 1 ord. and 1 zero pref. share.

TRADITIONAL OPTIONS

● First Dealings Feb 22
● Last Dealings March 5
● Last Declarations June 3
● For settlement June 14

3-month call rate indications are shown in Saturday editions.

Calls in: Avesco, Berisford, GEC, Lon. Finance & Inv., MGN, NMC, Queens Moat, Riva, Richmond Oil, Sutcliffe Speakman, Tadpole Tech. and Taylor Woodrow. Put in: Proteus. Puts & Calls: NMC, Premier and Tadpole.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		Calls			Puts		
Shell Trans. (*565)	550	80	45	53	8	16	25
	600	6	18	26	38	43	51
Storehouse (*183)	180	14	22	27	8	16	19
	200	6	13	18	22	28	32
Trafalgar (*79)	70	12	14	18	3	5½	7
	80	5½	9	12½	6½	11	15
Utd. Biscuits (*385)	360	28	34	43	8	15	21
	390	10	19	27	24	31	36
Unilever (*1231)	1200	48	78	101	22	38	47
	1250	21	52	74	48	64	71
Option		May	Aug	Nov	May	Aug	Nov
Brit Aero (*258)	240	39	53	63	15	21	30
	260	28	43	53	26	32	40
Amstrad (*28)	25	4½	6	7½	1	2	3
	30	1½	3½	4½	4	4½	6
Barclays (*423)	420	16	26	34	22	33	45
	460	3	12	21	56	61	70
Blue Circle (*227)	220	15	22	30	7½	18	25
	240	6	15	22	20	31	37
British Gas (*301)	300	9	15	18½	6	18	20
	330	1½	5	10	29	39	39
Simons (*222)	220	12	22	26	9	17	25
	240	4½	15	19	21	28	36
Eurotunnel (*515)	500	32	57	75	15	38	53
	550	9	33	52	48	70	82

March 1 Total Contracts 17,969
Calls 10,937 Puts 7,032
FT-SE Index Calls 2,686 Puts 2,888
Euro FT-SE Calls 137 Puts 861
*Underlying security price. † Long dated expiry months
Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

	PRICE INDICES	Mon Mar 1	Day's change %	Fri Feb 26	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (24)	129.81	+0.05	129.75	1.99	1.72
2	5-15 years (22)	149.50	+0.44	149.03	1.49	3.03
3	Over 15 years (8)	158.34	+0.64	157.33	1.60	1.80
4	Irredeemables (6)	179.20	+0.63	178.44	2.10	1.48
5	All stocks (60)	145.60	+0.34	145.19	1.72	2.37
	Index-Linked					
6	Up to 5 years (2)	183.66	+0.05	183.56	0.12	1.51
7	Over 5 years (12)	172.24	+0.17	171.96	0.75	0.87
8	All stocks (14)	172.62	+0.15	172.36	0.67	0.96
9	Debs & Loans (66)	128.14	+0.42	127.98	1.82	2.24

	AVERAGE GROSS REDEMPTION YIELDS		Mon Mar 1	Fri Feb 26	Year ago (approx.)
	British Government				
1	Low	5 years	6.53	6.54	8.57
2	Coupons	15 years	7.72	7.80	9.13
3	(0%-7¾%)	20 years	8.01	8.18	9.13
4	Medium	5 years	6.83	6.85	9.37
5	Coupons	15 years	8.21	8.28	9.20
6	(8%-10¾%)	20 years	8.39	8.46	9.17
7	High	5 years	6.99	7.00	9.61
8	Coupons	15 years	8.43	8.54	9.29
9	(11%-)	20 years	0.52	8.62	9.24
10	Irredeemables (Flat Yield)		8.49	8.53	9.33
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.00	2.01	3.55
12	Inflation rate 5%	Over 5 yrs.	3.46	3.47	4.30
13	Inflation rate 10%	Up to 5 yrs.	1.15	1.15	2.88
14	Inflation rate 10%	Over 5 yrs.	3.28	3.29	4.12
15	Debs &	5 years	8.53	8.60	10.80
16	Loans	15 years	9.31	9.36	10.60
17		25 years	9.54	9.58	10.45

US group denies interest in Greencore

By Peggy Hollinger

ARCHER-Daniels-Midlands, the US agribusiness group, yesterday quashed speculation that it planned to take a stake in Greencore, the Irish sugar and foods group which is 30 per cent owned by the government.

Mr Dwayne Andreas, chairman of Illinois-based ADM, said yesterday that the group had been approached a month ago with a view to buying the Irish government's stake. However, the terms and conditions offered had been unacceptable. "There did not seem to be any way to reach agreement," he said. There had been no further contact.

Speculation surrounding the fate of the government's stake – the legacy of the group's privatisation in 1991 – resulted in the suspension of Greencore shares at 245p yesterday.

The company said the shares would be suspended for 48 hours pending clarification of the government's position on the future of its holding.

The cabinet is expected to make a statement this morning. In the budget speech last month, the government said it intended to raise I£150m in 12 months through the disposal of state assets – believed to be the Greencore holding and a 45 per cent stake in Irish Life.

The company is believed to have held discussions with the potential investor, and it is thought unlikely a full bid would result. The government holds a golden share, and is likely to expect undertakings on certain issues such as employment and the maintaining of Ireland's sugar quota.

Possible investors include Conagra and Cargill, both of the US. Reports cited an offer price of 265m for the stake, or 260p per share. The government is unlikely to accept such a price, however, having disposed of 15 per cent of Greencore last year at 265p.

Analysts speculated that an offer pitched at between 270p and 275p would succeed.

ADM, known to be keen to expand in Europe, was widely favoured as the most likely purchaser of the stake. ADM already owns 7.4 per cent of Tate & Lyle.

It was also noted that Mr Gerry Murphy, Greencore's chief executive, is known to ADM. He was formerly a senior executive of Grand Metropolitan's Pillsbury operations in the US, which has a joint venture with ADM in flour milling.

Analysts in Dublin said they would welcome the sale of the government's stake. "It would preclude Greencore fund raising in Dublin and bring at least £65m into the exchequer," said Mr Joe Gill, an analyst with Dublin brokers, Riada.

Mr Gill said speculation that Greencore would have to come to the market for funds had helped to depress the share price in recent weeks.

Trafalgar to press on with cash call

By Roland Rudd

TRAFALGAR House is to proceed with its rights issue after winning support from small shareholders at yesterday's extraordinary meeting.

The engineering, construction and shipping group already had more than 274m proxy votes, mainly from institutional investors, in favour of its £204.5m cash call with only 809,332 against.

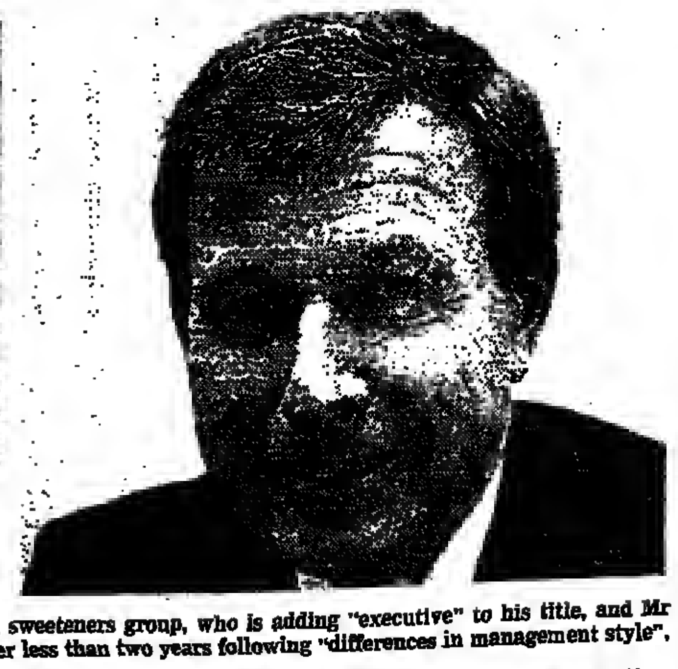
Directors were visibly relieved that small shareholders, after voicing criticism of the management, voted overwhelmingly in favour of the 1-for-2 rights issue at 80p.

Small shareholders voted at the recent annual meeting against reappointing Touche Ross, the auditors, after 1991 results were restated.

Although institutional investors voted in favour of retaining the auditors, Trafalgar said it would look at the question later this year.

Small shareholders yesterday asked whether the £120m of exceptional losses and write-downs which may be required in the year to end-September would be the last word on the subject.

The warning of further write-downs followed the decision to announce substantial write-downs for 1992.



MR NEIL Shaw, right, chairman of Tate & Lyle, the sugars and sweeteners group, who is adding "executive" to his title, and Mr Stephen Brown, chief executive, who yesterday left the group after less than two years following "differences in management style", writes Maggie Urry.

Mr Shaw said that he would be easing out of some of his outside interests. Mr Paul Lewis will become deputy chairman as well as finance director.

Mr Shaw said he did not expect his role to change. Instead of a single chief executive reporting to him there would be four people. These four, with Mr Shaw and Mr Lewis, will form the group's executive management committee.

The four, all in their 40s, are likely to be contenders to succeed Mr Shaw, who is 63.

They are:

- Mr Paul Mirsky, 46, who is joining the board and will add the North American sugar business to his role running the Australian activities. He was described by one analyst as the "even money favourite".
- Mr John Walker, 48, also joining the board and becoming managing director of the European sugar business. He already runs the UK sugar operation.
- Mr Stuart Strathdee, 41, not a board member but to become managing director of the international division.
- Mr Larry Pillard, 45, also not a main board director. He joined the group last year to head the problematic AE Staley corn wet milling business in the US.

Mr Shaw said a new remuneration and appointments committee comprising non-executive directors would be formed. This would "have very strong control over me, the board and the senior management of the company".

Mr Murray McEwen, currently managing director of the North American sugar division is retiring on April 1.

Quality Software seeks quote

By Andrew Adonis

QUALITY SOFTWARE Products, a small computer software company based in Gateshead, plans to seek a stock exchange listing later this month.

It wants to raise between £5m and £10m to fund expansion.

Formed in 1981, the company is a leading UK accounting software supplier.

Mr Alan Mordain, chairman, said the listing would enable Quality Software to develop a new product line – Universal Olas – and engage in joint products "with a large number of companies which have expressed interest."

Pre-tax profits for 1992 were expected to be £1.8m (£1.5m in 1991), before £600,000 of exceptional costs, on turnover of £13.1m (£11.1m).

The company is expected to be valued at about £25m.

It currently has some 130 customers, mostly large.

Holliday Chemical gets £150m price tag

By Richard Gourlay

HOLLIDAY Chemical Holdings is to raise about £70m through the largest flotation yet this year, valuing the synthetic dyestuffs and speciality chemicals company at about £150m.

Mr Michael Peagram, founder, chairman and largest single shareholder, said the company decided to increase by £5m to £86m the amount it will raise to reduce debt.

This followed some concerns in the City that the company would be saddling itself with a balance sheet that was unnecessarily highly geared.

Raising this amount of capital would lead to gearing of about 34 per cent, on a proforma basis at the end of 1992, and interest nine times covered by operating profits.

Holliday is coming to the market through a firm placing of 75 per cent of the shares; the balance will be available through public offer.

The issue will be priced on March 25; applications will be accepted until April 1 and dealing will begin on April 14.

The venture capitalists who backed the original buy-out of Holliday from Holliday Dyes and Chemicals in 1987, will be selling about half of their overall shareholding.

Holliday's earnings per share have increased from 4.4p in 1988 to 9.7p last year. Sales last year rose by £26.2m to £97m and operating profit by £5m to £14m.

Mr Peagram said he was comfortable with the higher level of gearing – he had been used to running a company financed largely by venture capital when interest cover was as low as three times.

The balance of comment from the City had, however, been "why not raise £5m more" to reduce pro-forma gearing from about 46 per cent, the company said.

Mr Peagram said the group was intent on growing organically but that in the medium term there would be further cash calls to fund acquisitions.

Mr Alan Clements, chairman, said: "I cannot say that this is the last final word on the subject."

The rights issue proceeds will be used to repay borrowings. Mr Clements said it would take the pressure off the group to make quick disposals. The group has said it wants to sell its hotels, which include the Ritz and the Stafford.

Mr Clements said there were no plans to change the group's advisers, which include Kleinwort Benson and UBS Phillips & Drew, or to make further changes to the board, other than those already announced. He accepted that non-executive directors, who include Mr Tony Ryan, chairman of GPA, the aircraft leasing company, and Mr Derek Howell, Conservative MP, "did not realise early on enough the problems facing the company". Mr Clements is non-executive chairman.

Brabant returns to the black

By Peggy Hollinger

BRABANT Resources, the oil and gas explorer being stalked by fellow USM company Aberdeen Petroleum, yesterday announced a return to the black with profits of £366,000 for the year to December 31.

The turnround, which compared with a loss of £4.8m last time, was struck on sales 86 per cent higher at £5.4m. The improvement was largely due to the acquisition of producing assets from Monument Oil & Gas in the second half.

Brabant said it had increased average net oil production during the year by 52 per cent to 1,786 barrels per day. The Monument acquisition had left it well placed to fund future exploration, the company said.

Brabant could "rely on internally generated funds to support its exploration and development programme for the foreseeable future".

Mr Malcolm Butler, managing director, said the group could now begin exploring its own prospects, as opposed to ones decided by obligations such as those arising through acquisitions. A substantial drilling programme, to be funded through cash flow, was planned for 1994. It was unlikely that the company would seek investment from shareholders for this programme.

Any payment of a dividend would depend on exploration success – as in previous years there is again no pay-out.

Stakis justifies £90,000 payment

By James Buxton

STAKIS, the hotels and casinos group where the corporate rescue specialist Sir Lewis Robertson is chairman, paid £90,000 to Mr David Michels, its chief executive, when he joined the company in December 1991.

This emerged yesterday from Stakis's report for the year to September 30 1992.

Mr Michels was paid a total of £258,000 in the 1992 financial year. At the time he joined the company it was about to report a loss of £47.4m.

Stakis said it had been necessary to offer Mr Michels special inducements to leave a secure and well paid job at Hilton UK, where he was deputy chairman and managing director.

Directors now felt that, with Stakis back in profit, Mr Michels' extra remuneration had been well justified.

Ashcroft company problems

By Chris Tighe

MR JOHN ASHCROFT, former Coloroll group chairman, confirmed yesterday that Survival Aids, the outdoor clothing company which was his first acquisition following Coloroll's collapse with debts of about £350m, is having problems over refinancing.

Mr Ashcroft, chairman of the Cumbria-based company, declined to elaborate. He said rumours that receivers had been called in were incorrect.

"The refinancing had been agreed but there was a bit of trouble," he said. It had not yet been completely sorted out," he added.

In January, Mr Ashcroft said he had not been happy with Survival Aids' payment situation and was nervous about trading prospects this year.

Last month, he stepped down as managing director making way for Mr Hugh Lapham, a former B&Q director.

Breathing space for Control

By Maggie Urry

HOLDERS of Control Securities' two Swiss franc bond issues agreed yesterday to defer interest payments until June 1.

They also waived the right to declare the bonds in default until the same date by which time further meetings will be held.

Control, the property, brewing and leisure group, is in the middle of a financial restructuring which is taking longer to complete than originally hoped. The company recently revealed a deficit on shareholders' funds of £31.8m.

Shareholders have been asked to a meeting on March 17 to authorise continued discussions while the banks have repeatedly renewed a standstill agreement.

- The group has exchanged contracts for the sale for £3.44m of a housing estate at Saxmundham, Suffolk.

Grafton ahead 9% to I£3.87m

GRAFTON GROUP, the Dublin-based builders' merchant and DIY concern, reported a 9 per cent advance in pre-tax profits from I£3.55m to I£3.87m (£3.96m) in the year to end-December.

The outcome was achieved on turnover up by I£1.98m to I£96.4m.

Mr Michael Chadwick, chairman, said that trading during the nine months to September had been strong but the impact of lower construction activity, as a result of higher interest rates and reduced confidence, had been felt in the last quarter.

However, the overall financial position remained healthy, he added, with cash of I£2.6m being generated during the year. Gearing was cut from 31 per cent to 22 per cent.

Earnings per share worked through at 18.6p (17.1p). A maintained final dividend of 3.75p raises the total for the year to 6.5p (6.25p).

French Property Tst

The net asset value per share of French Property Trust stood at 73.29p at December 31, against 68.21p six months earlier. The year end has been changed to end-December with comparatives based on the six months to June 30.

Net revenue for the period was £245,138 (£132,786). Earnings per share were 0.98p (0.53p). A final dividend of 1.3p is proposed making 2.3p for the period to December 31.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
ASW	fin	3	May 18	4.5	6	9
French Prop Tst	fin	1.3	May 4	-	2.3	-
Grafton	fin	3.75♣	Apr 17	3.75	6.5	6.25
Lilleshall	fin	2.65†	May 26	2.5	4.25	4
NFC	int	1.35☆	July 5	1.3	-	6.55

Dividends shown pence per share net except where otherwise stated. †On increased capital. ☆First interim. ♣Irish pence.

Rowland's salary rises despite 'difficult' year

By Roland Rudd

MR TINY Rowland's salary and emoluments rose from £1.6m to £1.65m in the year to September 1992, according to Lonrho's annual report which was published yesterday.

Mr Rowland, joint chief executive of the international trading group, saw his salary rise by £48,401 in a year in which the group's pre-tax profits fell from £205m to £80m.

In his message to shareholders Mr Rowland said: "This past year has been the most difficult in your company's financial history."

Lonrho said Mr Rowland's overall pay included his remuneration as chairman, which he briefly took over when Sir Edward du Cann resigned, as well as expense allowances and benefits in kind.

The annual report also shows that a significant amount of borrowings have become secured. Some £140m (£54m) of long-term loans are secured. Of the short-term loans £90m (£52m) is secured.

Suter takes stake in Wilkes

By Angus Foster

SUTER, the conglomerate chaired by Mr David Abell, has taken a 8.9 per cent stake in James Wilkes, the engineer which last year fought off a hostile bid from Petrocon.

Suter said it bought the shares for "investment purposes" and had not decided what further action to take. A decision is "not imminent", a company adviser said.

Wilkes's shares, which had fallen from a high last year of 190p to 48p, yesterday jumped 18p to 66p on takeover speculation. The company refused to comment until Sutar's intentions "become clearer".

Suter is reknowned for taking small stakes in companies and not necessarily making a bid. Last year it built up a 7.4 per cent stake in Brown & Tawse, the steel and pipeline group, again insisting the stake was for investmant purposes.

Yesterday's move is Suter's first since publication in January of a DTI report on share dealings by Suter and Mr Abell in the mid 1980s.

The report found no evidence that these and other parties acted in concert, but strongly criticised Mr Abell and questioned the timing of his private share purchases in Suter's bid targets. Last month Suter announced Mr Abell had been cleared of insider dealing by the DTI.

Petrocon's all-share bid valued Wilkes at about £35m. Since then, Wilkes' shares have tumbled, partly because of an interim loss announced in October. The company's market capitalisation, before Suter started building its stake, was only about £8m.

Regal Hotel buy

Regal Hotel Group has confirmed agreements to purchase Catermax and Woodmount for an aggregate £500,000, satisfied by the issue of 84.2m ordinary shares and £78,777 of convertible loan stock.

Acquisitions help Lilleshall advance

Tony Andrews

John Leek: gearing budgeted to reduce as more stocks are taken out of the business

By Catherine Milton

LILLESHALL, the industrial distribution and building products group, lifted pre-tax profits by 30 per cent, from £2.4m to £3.1m, in the year to December 31 1992.

The rise was mainly due to the acquisition in January 1992 of Crystalware Products, the plastic housewares and garden products manufacturer, and the purchase of Bradgrange Packaging in February.

The shares closed up 3p at 133p. Lilleshall's stock, which had fallen below 100p, has been climbing since late December.

Barlow Fastener Centres was acquired too late in the year to affect profits. The acquisitions brought gearing to 33 per cent by the year end on net assets marginally lower at £13.1m (£13.5m).

Currency movements on the group's French franc borrowings also increased gearing and pushed interest payments from £33,000 in 1991 to £639,000 in 1992.

Mr John Leek, chairman, said that since the year end gearing had reached 40 per cent but was budgeted to come down as more stocks were taken out of the business, especially from industrial consumables which it said was overstocked.

Group turnover rose from £36.7m to £52.1m and a final dividend of 2.65p is proposed, making a total of 4.25p for the year (4p). Fully diluted earnings per share rose 15 per cent from 8.5p to 9.8p.

The building products division recorded a small drop in operating profits from £2.5m to £2.3m. The plastics and engineering division produced higher operating profits of £1.68m (£446,000) with most of the increase from the Crystalware acquisition. The group recorded reduced losses on industrial consumables of £461,000 (£628,000).

There was an exceptional gain of £81,000, masking a £522,000 provision against stocks following refocusing of the fastener division. This was offset by gains including £230,000 proceeds from litigation and a £202,000 release of pension provisions.

These were released because the company closed its defined benefits pension scheme (which relates pension income to final earnings) and invited all employees to join a contracted out scheme. The group does not expect to pay out less as a proportion of gross income but said the move had been prompted by possible changes in pensions law.

ASW incurs £10.8m deficit

By Andrew Adonis

CONTINUED PRESSURE on margins pushed ASW Holdings, the Cardiff-based steel and wire group, deep into the red last year, but the shares yesterday jumped 20p to 153p amid expectations of an upturn in steel prices.

The pre-tax deficit of £10.8m for 1992, struck after restructuring costs of £4.6m, compared with a profit of £2.3m.

The operating loss for the second half of 1992 was virtually the same as that for the first six months.

Turnover fell 6 per cent to £367.8m (£390.7m). Losses per share were 16.2p (1.9p).

The recommended final dividend is 3p, making 6p (9p) for the year.

Net borrowings were £17.2m, with gearing at the year end of 14.5 per cent.

Mr Alan Cox, chief executive, said "abnormally low prices", at below 1982 levels, caused the poor outcome.

Nevertheless the group maintained volumes and made a profit on its basic steel operations.

"We remain one of the lowest cost producers in Europe, and have have again improved our cost base.

"Last year prices were reaching loss-making proportions across Europe; now they are recovering, and I expect to see a real improvement in results for the next half," he added.

With scrap prices up to about £70 a tonne from £53 at the start of the year, analysts estimated that margins for scrap-based products were improving markedly. Prices for other products – like wire rod and reinforcement bar in coil and length – were also rising.

● COMMENT

ASW's reputation as a low cost producer remains untarnished despite yesterday's results, but with 40 per cent of its business on the Continent, in the immediate future it needs a recovery in European steel prices more than Mr Lamont's green shoots. That recovery appears to be under way. The question remains, is it enough, and will it be sustained? Regarding the state of Europe's steel industry, and the nervousness of the Commission in tackling state aids in their numerous guises, it is hard to be confident on either front. But with analysts predicting a 1993 profit of £12m pre-tax, and a prospective multiple of 15, things are looking up in the short-term future.

Fragile reappearance of customer confidence

Flames of hope spark sharp rally in share prices of leading motor companies. Jane Fuller reports

ONE OF the purest recovery plays in the stock market is the motor trade. Car dealers proved particularly vulnerable to high interest rates, which raised their financing costs and reduced custom. Now that "double whammy" has flipped into reverse.

Share prices of the leading quoted groups have outperformed the market by nearly 40 per cent over the past three months – the flames of hope fanned by the revival of interest in smaller, UK-orientated, companies.

This year sales of new cars are forecast to rise by about 7 per cent to 1.7m. It would reverse a trend which has seen the market fall from a record 2.3m in 1989 to less than 1.6m in both 1991 and 1992.

The picture also looks better for used cars as the lower levels of new car sales feed through into a shortage of quality second-hand ones.

If firmer demand can be used to improve profit margins from the niggardly 1 to 2 per cent brought about by widespread discounting, bottom lines could revive quite rapidly.

However, most of these rosy factors are for the future. Few of the motor traders due to report 1992 results over the next few weeks will show a rebound in their figures.

Two exceptions are T Cowie and Lex Service.

Cowie, which has a substantial fleet leasing operation – and hence substantial debt – went through the fire in 1990 when pre-tax profit fell to £9m. Interest costs soared to £44.6m and the dividend was cut.

Profit is estimated to have recovered to £23m last year – not far short of the £25.8m peak recorded in 1988.

Lex, which slumped to £500,000 pre-tax in 1991 and cut the dividend, is expected to have bounced back to £25m.

The group's exit from electronic components has proved highly profitable through a residual investment in Arrow of the US. Payments from Volvo to end an import agreement have cleared debts and allowed the £46m purchase of Swan National to boost the dealership network.

While these two put most of their troubles behind them, one or two others – such as Pendragon and Reg Vardy – have limited the recessionary damage and enhanced their managerial reputations.

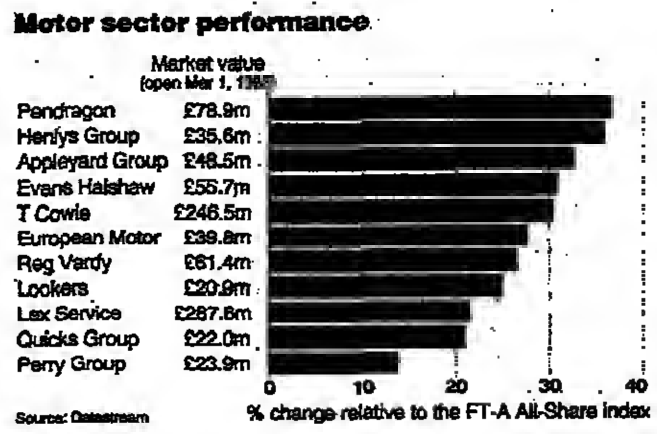
More commonly, however, motor traders' profits have remained bogged down.

Among the laggards is Appleyard Group, one of the oldest names. Its expansion ran out of steam after the purchase of Ian Skelly in 1989. In 1991 profits slumped to £1.81m and the dividend was uncovered. The figures may be worse for 1992 and a dividend cut is feared.

Companies which disappointed at the interim stage included Evans Halshaw and Perry Group, while Lookers was more than 40 per cent down at the pre-tax level in the year to September.

But even the laggards have outperformed the market.

Motor sector performance



Source: Datastream

Apart from the recovery arguments, a number of other issues have gingered up the sector and should continue to do so.

The first is takeover talk. Popular choices of predator are Cowie and Lex. The former tried unsuccessfully to acquire Henlys in a hostile bid last year, but remains keen to expand both its dealership network and its leasing fleet – the latter from 60,000 to 100,000 cars.

Nor has Lex made any secret of its expansion plans, with the priority going to car retail. A substantial deal could propel it to the top of the motor retail league, as monitored by the magazine Automotive Management.

The two organisations ahead of it are Inchcape's UK motor retail operation, a small part of an international concern, and Automotive and Financial Group (AFG), controlled by Mr Octav Botnar.

Inchcape has cut dealerships from 110 to 87 since last March's takeover of TKM. AFG has had to react to the loss of the Nissan franchise by finding replacements.

Turning to the mooted acquisition targets, the most frequently cited are Appleyard, Lookers and Perry Group, all quoted, and Dutton Forshaw, part of Lonrho.

The background to the speculation is that the sector remains fragmented. The long list of quoted motor traders only accounts for a small portion of the market.

Last year saw a fair amount of consolidation. Apart from the Inchcape-TKM and Lex-Swan deals, Hartwell won control of Trimoco, and emergent motor groups – such as European Motor Holdings and Sanderson Murray & Elder – added to their portfolios.

An advantage the smaller groups have is that they have some way to go before bumping up against the limits imposed by Ford, which still has about 22 per cent of the new car market.

Hartwell was left with 12 Ford dealerships after the Trimoco takeover, four more than Ford's limit.

Ford says agreement has been reached for four to be sold off. It is sticking to its rules, which also limit location, in spite of criticism of manufacturers' restrictions in a Monopolies and Mergers Commission report published last year.

Ford's stance, which contrasts with Rover and Vauxhall's modified approaches, also has a bearing on another big issue in the motor trade: multi-franchising. This involves a company selling a variety of makes of new car either on one site or from a local network of sites.

Evans Halshaw, for instance, is developing two multi-franchise sites in the Birmingham area. One is orientated towards Japanese makes, the other will bring together Vauxhall, Rover and Toyota.

Currie Motors, on the other hand, which has nine showrooms in London, has recently switched from Ford to five new franchises, although there will be only one brand of new car available at each site.

Ford argues that multi-franchising will enable local dealerships to be concentrated in too few hands, and that it will compromise after sales service – in terms of the range of parts carried and the skill of fitters.

As about 28 per cent of cars on UK roads are Fords, the after-sales operation has considerable weight. This is not the case with the Japanese makes, which are not yet around in sufficient numbers.

However, the build-up of UK-made Japanese cars is a big issue in the new car market. Mr Rob Golding, motors analyst at SG Warburg, says Japanese cars are forecast to increase their share from 11 to 25 per cent by 1996. A key factor is that fleet buyers will increasingly consider the home-grown models – and corporate sales account for 60 per cent of the new car market.

This has led motor traders to queue up for Japanese franchises, although the weak after-sales outlook has led Cowie, for instance, to utter reservations about "rushing in in a big way".

While the Japanese build-up offers a long-term opportunity, the dealers' immediate attention will be focused on the Budget. Mr Golding says the money which the Treasury has given up in car sales tax will be raised from motorists in some other way.

Given the level of recovery hope in the share prices, there is a fear that increased road tax or petrol duty could hinder the fragile reappearance of customer confidence and make 1993 another year of disappointment.

Restructuring plans halve Beauford shares

By Nigel Clark

SHARES IN Beauford, the manufacturer of material handling equipment and machine tools, halved to 7p yesterday after the announcement of a capital reorganisation.

The company is proposing to split its 10p ordinary shares into one 1p ordinary and nine 1p deferred shares. The 7p convertible preference shares will be converted into four ordinary and six deferred shares and all arrears of the preference dividend will be eliminated.

The deferred are considered valueless and application to cancel them will be made as soon as possible.

The plans would leave preference holders with 86.9 per cent of the new capital as against 44.2 per cent under the existing conversion rights.

Beauford warned that without the restructuring there would be limited scope for future development.

The company reported losses in 1991 and the first half of 1992. In September 1992, after the sale of its interest in EW Bliss, borrowings were £13.3m against net assets of £7.3m. By the end of the year borrowings had fallen to £11.7m but the company expected to have to make substantial write-downs in the value of its assets and make provisions for restructuring costs in the accounts for the year.

Gearing is considered too high and a debt reduction plan in conjunction with the company's banks is being pursued.

It has not paid preference dividends since July 1991, leaving arrears at January 1 of £1.9m, or ordinary dividends since November 1991.

Taking into account the trading and financial position the board thinks that there is no prospect of paying the arrears or resuming dividend payments of the preferential shares in the foreseeable future.

In addition, the ability to redeem the preference shares by July 1 2003 would require an extraordinary and sustained improvement in the trading performance throughout the period to redemption.

Citibank Investments buys assets of Randsworth Trust

By Vanessa Houlder, Property Correspondent

CITIBANK Investments, a wholly owned subsidiary of the US bank, is acquiring the assets of Randsworth Trust, a London property company, the parent of which has been in receivership for the past year.

Citibank is facing a book loss of more than £100m on the deal, on which its exposure of £310m compares with assets valued at about £200m.

This is the most prominent example of a bank taking control of a property company in the UK since Barclay's acquisition of Imry at the end of last year.

Citibank said its decision reflected confidence in the company's prospects.

Citibank's involvement in Randsworth dates back to 1989, when it backed a £258m acquisition of the company by JMB Realty, a US investment group.

This deal, which was the first large investment in the UK property market by US investors, proved disastrous.

As the value of Randsworth's portfolio in the West End of London halved in value, the shareholders – who injected a further £58m in 1991 – lost their equity.

Even the debenture holders, who had first claim on the assets of London & Provincial Shop Centres, Randsworth's chief subsidiary, lost money.

Last month, Citibank agreed to repay £135m of debentures at a price of £95 for £100 of stock, in the first time in recent memory that holders of secured bonds have accepted a loss. At the same time, it said it intended to buy all or part of Randsworth.

Citibank Investments has set up a company called CIPL to own Randsworth. The portfolio consists of 35 office and retail buildings in the West End, including 25 Berkeley Square, 91 Kensington High Street and St Christopher's Place, an area of shops, offices and restaurants near Oxford Street.

Citibank excluded from its acquisition two small properties which have negative value.

Mr Nigel Kempner, a former joint managing director, said the deal would allow the management to concentrate on enhancing the value of the business.

"Citibank is prepared to take a long term view of the property market," he said.

NEWS DIGEST

Tuskar cancels USM quote

TUSKAR Resources, the oil and gas explorer, has cancelled its share dealings on the Unlisted Securities Market.

The company's 322.66m ordinary shares have now been admitted to the exploration securities market in Dublin.

McLeod Russel posts final offer

McLeod Russel Holdings, the paints producer and distributor which last month launched a £14m hostile bid for Wheway, the struggling environmental group, yesterday despatched formal offer documents to Wheway shareholders.

The McLeod board said it believed it was in the best interests of shareholders, employees and creditors of Wheway that a rapid transfer of control was accomplished because Wheway was a "company in distress".

Other interested parties had been aware of the "For Sale" sign on Wheway since December 23 1992, and no other parties had announced an offer, McLeod directors asserted.

Platon repeats call for no action on bid

Mr Robin Meyer, chairman of Platon International, has written to shareholders of the USM-quoted instrumentation group, repeating the board's earlier advice to take no action on the bid from Wills Group.

The letter follows the publication of Wills' offer document in which Mr David Massie, chairman, said there were a number of advantages of a merger, including complementary product ranges, geographic fit and opportunities for a substantial increase in sales.

He also drew attention to the recent achievements of Wills, an industrial, electronic and automotive products company. They included a return to profits, a strong balance sheet and reduced bank borrowings. They compared with Platon's recent losses, lack of dividend and qualified accounts.

The 5-for-4 share offer values Platon at £2.93m, or 27½p a share. Platon's shares were unchanged at 25p yesterday while Wills' rose ½p to 22p. Wills claims undertakings to accept representing 15.7 per cent of Platon.

Wills also published details of its rights issue to raise £5.4m. The 34m shares are offered at 16p on the basis of 1-for-3 ordinary, 1-for-3 warrants and 10-for-3 preference.

Castle Mill director quits

Mr Marcus Evans has resigned as joint managing director of Castle Mill International and sold his holding of 1.2m shares in the handbag and fashion wear manufacturer.

The stake was sold to Mr Brian Rousell, who now holds 23.03 per cent of Castle Mill.

Subject to certain conditions Mr Evans will repurchase Silver Collins Exhibitions, the exhibition promoter which is 75 per cent owned by Castle Mill, for £1.

Increased losses at CountyGlen

Losses before tax at CountyGlen, the Dublin-based property investor and trader, rose from I£153,000 to I£170,000 (£175,000), for the six months ended October 31.

Directors stressed that the deficit mainly represented costs incurred in finalising agreements in the UK for CountyGlen to recover its £500,000 loan to the Videoplus distributors as well as write-offs of rent accepted by the company to obtain possession of the Blackrock site.

The company added that it was examining a number of merger and takeover suggestions but it was too early to bring them to shareholders.

The shares have been suspended since October 20.

Sharp decline to £80,651 at Goodwin

Goodwin, the Stoke-on-Trent engineering company, reported pre-tax profits for the six months to October 31 of £80,651, a little more than a third of the comparable £232,040.

Turnover fell 8 per cent, from £7.13m to £6.59m.

The company said that reorganisation had been undertaken to improve efficiency. Investment in exports remained high and as a result margins were unlikely to recover before the end of the year.

Earnings per share came out at 0.75p (2.16p).

Inoco cuts annual deficit to £4.31m

Inoco, the USM-quoted property investor, reduced losses from £6.82m to £4.31m pre-tax over the 12 months to December 31.

The outcome was struck after a profit on the sale of investments of £111,000 (losses of £3.1m) now treated as an exceptional rather than extraordinary item.

Losses of £2.48m on sale of fixed assets, £96,000 on sale of trading stocks and a provision of £1.6m against carrying value of trading stocks were also taken above the line.

Losses per share were 2.06p against a restated 3.29p.

Gartmore American assets increase

Gartmore American Securities, a split capital investment trust specialising in high yielding North American equities, reported net asset value per share of 43p at December 31 compared with 35.2p at March 31 1992.

Net revenue for the nine months to end-December was £842,000 (£1.11m) for earnings per share of 2.28p (3p). A third interim dividend of 1p has already been declared, payable on April 2.

COMMODITIES AND AGRICULTURE

Moscow diamond exchange planned

By Leyla Boulton in Moscow

MR VALERY Rudakov, president of the Russian diamond producing company Almazy Rossii-Sakha, said yesterday he would soon set up an exchange in Moscow to sell rough diamonds to the country's diamond-cutting factories.

He said this would reorganise on market principles the system whereby only the Committee for Precious Stones and Metals could sell rough stones to cutters and industrial diamond users. In future, both the exchange, which would start up in a month or two, and the committee would be allowed to sell rough stones, he said.

One western expert said, however, that this only underlined the continuing rivalry between Mr Rudakov and Mr Yevgeny Bychkov, the head of the Committee for Precious Stones and Metals. The two men locked horns two years ago when they were respectively head of the old Soviet Glavalmazzoloto diamond and gold monopoly and the state depository Gokhran.

"Almazy Rossii-Sakha is supposed to have a monopoly to sell Russian rough to De Beers and factories. If the committee goes on selling, it will be an unusual situation," said the western diamond expert. "One side will have to win out in the end. While Rudakov is more savvy, Bychkov has good connections (in Russia)."

Under an agreement with De Beers that expires in 1995, Russia can sell only 5 per cent of its rough diamonds on international markets, though De Beers claims that additional quantities are smuggled out.

The committee wants to be in charge of selling this 5 per cent (designed to help Russia monitor the prices fetched by De Beers), while Mr Rudakov suggested that his exchange should carry out this function.

The western expert said that if given a monopoly on sales, the exchange could prevent Russian diamond-cutters from undermining western markets. This is because they would have to bid for stones and De Beers could compete as well, driving up the price of rough stones, and preventing cheap Russian cut-diamonds from indirectly depressing the rough-stone market.

Mr Rudakov said an additional exchange would be set up in Yakutsk, the capital of the autonomous republic which produces 98 per cent of Russia's diamonds, to sell diamonds to its fledgling diamond-cutting industry.

So as to make more of its diamond wealth, Russia is trying to improve its inefficient diamond-cutting industry by bringing in foreign partners. For the moment, however, prospective foreign partners have to choose between whether to team up with Mr Rudakov and Mr Bychkov.

Aluminium smelters in 'poverty trap'

By David Blackwell

LOSS-MAKING ALUMINIUM smelters in the West are caught in a poverty trap that prevents them from cutting production in spite of low prices and record stocks, according to a report from the Commodities Research Unit.

The report estimates that more than half Western capacity is losing money on every tonne of production, while the flood of metal from the former Soviet Union shows no sign of abating.

However, while Western production needs to be curbed to bolster prices, companies are entirely rational not to close even their higher cost and economically vulnerable smelters, the CRU asserts. "Temporary or partial closures are not an attractive option because of the high proportion of fixed or unavoidable costs within total operating costs."

Permanent closure is also unattractive because in the current state of the market the liquidation value of a plant is small. In addition, any single closure would have little effect on the market, and the CRU believes it unlikely that producers will act collectively on a programme of closures.

The CRU is forecasting only a slow improvement in the market balance as the surplus production is eroded by a gradual increase in demand. It predicts that investment in new capacity will be delayed to the extent that prices will move sharply higher towards the turn of the century when the surplus is finally worked off.

Meanwhile, companies will be better off uprating and upgrading existing plant than investing in greenfield sites, the CRU suggests.

● *Survival in Aluminium Smelting. CRU International. 31 Mount Pleasant London WC1X 0AD.*

Base metals prices still in retreat

By David Blackwell

BASE METAL prices were in retreat on the London Metal Exchange yesterday, continuing on the downward path started last week.

Three-month copper led the way, breaking below $2,150 a tonne to close at a 3½-month low. Zinc and aluminium followed suit, falling to 15-month and three-month lows respectively, while nickel retreated back below $6,000 a tonne.

Mr Angus MacMillan, analyst with Billiton-Enthoven, part of the Royal Dutch/Shell group, said Chinese buying had kept three-month copper above $2,400 a tonne in January, while last month floods in Arizona and strikes in Mexico and at Papua New Guinea's huge Ok Tedi mine had kept the pot boiling above $2,200.

But any supporting factors had now evaporated, leaving the market with a pessimistic demand outlook for the next 18 months.

GNI, the London futures broker, said copper appeared to be on the brink of a major price collapse. Prospects for a pick-up in the US economy had been offset by news that European car production could fall by 1.5m units this year, and that Japanese car production was 16.5 per cent down in January.

Weak fundamentals, sluggish physical demand, rising stocks and negative chart formations paint a bleak picture for base metal prices, analysts suggest. While some production cuts have been announced for zinc and nickel, they have been too little too late. Cuts in copper production are unlikely as most producers are still making profits.

Touring Europe's green and set-aside land

A journey from Norfolk to Austria reveals the early evidence of farm policy reform

THE DESTINATION – a heavily timbered hotel in a village surrounded by snow-covered slopes in the Arlberg region of Austria. The starting point – a somewhat less pretty but well-loved village in the middle of Norfolk, England. The journey – by road and sea-ferry with a few friends as anxious as I for a temporary change of scenery and the feel of some snow under their skis.

As we left home, much of the autumn-sown corn had begun to recover from indifferent planting conditions and the wettest early winter for years. But, ironically, the forecast was for snow and bitterly-cold weather, which we knew would put back that recovery as well as delaying spring-cereal planting. We would far rather go to find snow elsewhere and have it stay away from our farms in late February and early March.

On the journey to the ferry, the 15 per cent of East Anglian fields left unploughed so that weeds and other green material could regenerate naturally and qualify the land for voluntary set-aside – the most visible result of the 1992 reform of the European Community's common agricultural policy – was beginning to show itself.

And although the devaluation of the pound last autumn will result in increased compensation payments for UK farmers when they set land aside, none of us in the vehicle thought the extra cash made the exercise attractive.

An uneventful crossing from Felixstowe to Zeebrugge was notable only for the fact that many of our fellow passengers were only making day trips to fill up their cars and vans with duty-free booze and cigarettes.

FARMER'S VIEWPOINT

By David Richardson

Then towards Brussels – the home of Eurocrats and the centre of agricultural decision-making. We did not go into the centre to throw eggs at the EC's Berlaymont building in the Rue de la Loi as some French farmers might have done. But we did say a few rude things about the lack of practicality and grass-roots agricultural knowledge of many of those who worked there as we took the many-bridged by-pass autoroute around the town.

Some might say, however, that we were cursing the wrong people. For about 50 km (30 miles) south-east of Brussels, just off the main road, is the Belgian University of Gembloux. Back in the early and mid-1970s, the professor of agriculture there, a man called Laloux, developed what he called "blueprints" for the production of cereals, the purpose of these strict planting, fertilising and spraying programmes being to maximise yields.

Little calculation as to whether or not the exercise was profitable was necessary. Yield was everything and the community's guaranteed-price system ensured that profitability followed yields upwards.

Other experts in other areas of the EC followed the Laloux example and developed similar blueprints for their local conditions. And we farmers adopted them with enthusiasm; they meant, after all, that we made bigger profits. But they also led to increases in production, to unsustainable surpluses and eventually to the reform of the CAP.

Nobody uses the blueprints today – we cannot afford to. The emphasis is on minimising inputs and optimising yields rather than maximising production. A series of EC price cuts, which will deepen as CAP reform continues, has seen to that. And, to be fair, the result is a more sensible use of resources as well as being more environment friendly. But the Laloux blueprints of the 1970s were a necessary step to the fuller understanding of the physiology of cereals which, in turn, is helping us to survive the stringent economies of the 1990s.

Moving south, through the Lorraine, across the Maginot Line, into the Moselle and Alsace and towards Strasbourg, home of the European Parliament, I found the road is much improved since I last travelled it, presumably to make it easier for the hordes of EC officials who are forced to make the journey each time the Parliament meets.

The crops of autumn-sown grain were looking even sadder than those we had left at home. A few farmers were out with their fertiliser-spreaders trying to apply nitrogen to encourage them to grow. Here, too, the set-aside land is beginning to be obvious, although there is less of it than in East Anglia because of small-farm exemptions.

We passed through little Luxembourg on the way; not a particularly significant agricultural member of the community but the one that has provided the new Agriculture Commissioner, Mr Rene Steichen, in succession to Ireland's Mr Ray MacSharry, author of CAP reform, who has retired to Ireland.

Onwards, across the Rhine and to the forests and small farms of southern Germany. Most of the land was already covered with a light dusting of snow, so it was not so easy to make roadside judgments. Even so, the occasional farm cart, hauled by horses, reminded us of the wide range of living standards that still exist within our so-called Common Market. I remembered a speech I had heard in Berlin from out-going German farm minister and Bavarian farmer, Mr Ignaz Kiechle, only a few weeks ago at the opening of the Green Week, the annual agricultural jamboree. He had followed on to the platform Mr Jean-Pierre Soisson, the French Farm minister, who had declared unequivocally that there was no way France would accept the agricultural restrictions the US deal on the Uruguay Round of the General Agreement on Tariffs and Trade would impose. Mr Kiechle, in an attempt, no doubt, to cement Franco-German unity on such matters, never mind that it had already been accepted by other members, agreed that the agricultural aspects of the agreement would have to be re-negotiated.

As we crossed the border into Austria and out of the European Community, I could not help reflecting on the enormous and seemingly-insuperable differences that existed between the members of the so-called European family. And yet, in 1989, Austria applied for membership of that family, we are told with the agreement of a majority of its citizens, including most of its farmers.

Why? I know from previous visits that Austrian farmers receive 50 per cent more for their wheat than I do in the UK; those with dairy farms get twice as much for their milk; and instead of the detested set-aside, the Austrian government has decided to subsidise its farmers to produce non-food crops, such as oilseed rape, to refine into diesel fuel.

There is an apparent acceptance by Austrians that they have a duty to ensure that the 6.3 per cent of farmers in their population are as well off as the rest of the community. Oh, for a touch of that attitude in the UK!

Furthermore, partly because of a strong Austrian schilling and a weak pound, I have just paid a man who used to be just a farmer but is now the proprietor of a sports shop as well, the equivalent value of one tonne of UK wheat for a six-day ski-lift ticket and another man the world price of a tonne of wheat to hire a set of skis and sticks for the same period.

The village where I am staying is packed with people from all over Europe who are queueing up to do the same thing. Austria earns more per head from tourism than any European country, in or out of the EC, and a fair proportion of the benefit of that goes directly or indirectly to agriculture.

I can only ask again – why on earth do Austrians, and Austrian farmers in particular, want to risk losing their independence by joining the European Community?

Revival plan for high cost Canadian gold mine

By Bernard Simon in Toronto

ROYAL OAK Mines, the Vancouver-based gold producer that specialises in restoring high-cost mines to profitability, has signed an agreement to buy the mothballed Colomac property in Canada's Northwest Territories.

The seller is Neptune Resources, which will receive 3.5m Royal Oak shares, worth C$10.2m (£5.7m), as well as a royalty over five years, payable if the gold price achieves an annual average of more than $400 a troy ounce. The deal is expected to be finalised on March 25.

Neptune closed Colomac in mid-1991 after the mine had been in operation for only a year. At the time, it estimated that a gold price of about $425 an ounce was required to keep the operation profitable.

Royal Oak said that it hoped to cut cash production costs to less than $300 an ounce, partly by running Colomac in tandem with its Giant mine in Yellowknife.

Unionised workers at the Giant mine have staged a bitter and often violent strike for the past nine months, but Royal Oak has kept it operating with outside workers. The company is insisting, among other things, that wages be linked to the gold price.

Royal Oak plans a feasibility study at Colomac this summer with a view to reopening the mine in 1994.

Peru re-awards oil field contract

By Sally Bowen in Lima

PETROTECH International Corporation has won the new contract to operate the Petromar oil field off the northern Peruvian coast. The concession, formerly held by Belco, was taken over by the state after a 1985 contractual dispute. Settlement of an insurance claim by American International Group is still outstanding.

Petrotech, registered in Delaware, is part of the New York McAllister Brothers group. Its current operations focus on Venezuela and the Gulf of Mexico. Through a subsidiary, International Marine, it has maintained a presence in Peru for ten years, servicing the Petromar offshore field.

Two other international companies – Hallwood Petroleum of the US and Compania Naviera Perez Companc of Argentina – pre-qualified to bid. Petrotech will take an average of almost 79 per cent of all crude produced, leaving 21 per cent for Petroperu, the state-run petroleum giant.

The concession for the 400-hectare lot Z-2B will run for ten years with an option to renew for a further ten. Output from the field has slumped since the Belco days, from a peak of 30,000 barrels a day to an all-time low last year of less than half that. In recent months, despite a dearth of equipment and spare parts, output has risen to 17,000 b/d.

The concession is an important step in the planned privatisation of Petroperu. According to Mr Jaime Quijandria, the company's president, "the most attractive part of the field lies in the 50 per cent still unexplored. And while that exploration goes ahead, the new operating company will be earning cash from the half that's already working".

Contract terms require Petrotech to drill at least 40 development wells over the next three years and five exploration wells by the year 2000. Petrotech officials estimated drilling costs at $80m and $20m respectively. The operator will also pay Petroperu $10m a year for the lease of existing assets. Another $30m to $60m will have to be spent on repairs and modernisation.

Meanwhile, other advances were made in the transformation Petroperu. Three weeks ago, New York-based Booz, Allen and Hamilton was contracted to advise the Peruvian government on an overall privatisation strategy for the oil sector. And ten days ago Great Western Resources, through its Peruvian affiliate, signed an exploration agreement with Petroperu for Block 65 in the Maranon basin. It is the company's first ever venture outside the US.

The Belco insurance claim remains unresolved. While AIG tacitly agreed to the re-leasing of the ex-Belco field, sources said that the dispute, involving $185m in compensation and already recognised by the Fujimori government, had by no means been dropped.

WORLD COMMODITIES PRICES

MARKET REPORT

London robusta COFFEE and COCOA limped to a close little changed from opening levels and lamenting the delayed opening of their New York counterparts following the bomb at the World Trade Centre. "It's been a waste of time this afternoon. Everyone's been sitting around, twiddling their thumbs," one London cocoa dealer said. The weakness of the French franc against sterling was keeping origins sidelined and adding some light support. Otherwise, dealers were keeping one eye on pact talks in Geneva, where consumers and producers failed to agree last week on a compromise proposal. After separate group meetings, delegates said there were signs the gap between the two sides was beginning to narrow, but many traders were still cynical. Coffee traders were expecting little market-moving news from a two-day producer meeting in Mexico City in preparation for the next set of pact talks later this month. In New York arabica prices were sharply down after a delayed opening.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Apr)		+ or -
Dubai	$16.69-6.78	+.145
Brent Blend (dated)	$18.95-8.97	+.125
Brent Blend (Apr)	$18.94-8.96	+.125
W.T.I (1 pm est)	$20.58-0.62	+.075
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$193-194	
Gas Oil	$178-179	+2
Heavy Fuel Oil	$74-76	+1
Naphtha	$173-175	-0.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$326.55	+0.8
Silver (per troy oz)♣	358.5c	-0.5
Platinum (per troy oz)	$346.90	+1.9
Palladium (per troy oz)	$103.25	+3.1
Copper (US Producer)	100.0c	
Lead (US Producer)	33.5c	
Tin (Kuala Lumpur market)	14.82r	-0.09
Tin (New York)	263.5c	-2
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	101.60p	+4.84*
Sheep (live weight)†♣	121.19p	+9.86*
Pigs (live weight)†	91.31p	+6.91*
London daily sugar (raw)	$248.8	+4.4
London daily sugar (white)	$276.0	+1
Tate and Lyle export price	£281.5	-1
Barley (English feed)	Unq	
Maize (US No. 0 yellow)	£165.0	
Wheat (US Dark Northern)	Unq	
Rubber (Apr)♥	67.00p	
Rubber (May)♥	67.50p	
Rubber (KL RSS No 1 Feb)	226.5m	-0.5
Coconut oil (Philippines)§	$435.0y	
Palm Oil (Malaysian)§	$427.5z	
Copra (Philippines)§	$275.0	
Soyabeans (US)	£157.0u	+2
Cotton "A" Index	61.75c	+0.1
Wooltops (64s Super)	397p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Apr/May u-Mar/Apr. x-Aug. w-Feb/Mar z-Mar. ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices * change from a week ago. provisional prices.

SUGAR – London FOX			($ per tonne)
Raw	Close	Previous	High/Low
May	220.00	220.00	218.80
Aug	224.00	224.00	223.00
Oct	203.00	203.00	202.20
White	Close	Previous	High/Low
May	275.00	272.60	276.00 271.50
Aug	275.00	273.30	275.80 271.50
Oct	257.00	255.50	255.50 254.10

Turnover: Raw 4 (150) lots of 50 tonnes. White 885 (922) Paris- White (FFr per tonne): May 1563.21 Aug 1581.67

CRUDE OIL – IPE			$/barrel
	Latest	Previous	High/Low
Apr	18.95	18.92	19.06 18.82
May	19.00	18.94	19.08 18.82
Jun	19.06	19.02	19.12 19.00
Jul	19.06	19.02	19.14 19.02
Aug	19.14	19.06	19.20 19.07
Sep	19.11	19.10	19.11 19.07
IPE Index	18.95	19.08	

Turnover 19022 (21857)

GAS OIL – IPE			$/tonne
	Close	Previous	High/Low
Mar	175.25	173.50	176.25 173.75
Apr	175.00	173.50	176.25 174.00
May	174.50	173.00	175.50 174.25
Jun	174.25	173.25	175.50 174.25
Jul	176.00	175.00	176.75 175.00
Aug	177.75	176.50	177.75

Turnover 11499 (13004) lots of 100 tonnes

TEA

Landed sales were good but with selective demand reports the Tea Brokers Association. The limited quantity of Assams sold readily at firm rates but South Indians were easier. Bright East Africans showed some irregularity at around last levels but medium and plainer descriptions were generally firm. Offshore good demand with prices mostly firm at previous rates. The highest price realised this week was 193p for a Rwanda pf.1. Quotations quality 170p, nom good medium 155p, medium 140p, low medium 110p.

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
Mar	739	730	740 731
May	752	748	754 745
Jul	763	760	763 757
Sep	774	772	775 768
Dec	789	790	791 787
Mar	808	010	809 808
May	822	824	824 820
Jul	836	838	838 834
Sep	849	853	853 849

Turnover: 2617 (9407) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar 1 735.48 (749.96) 10 day average for Feb 26 740.92 (736.79)

COFFEE – London FOX			$/tonne
	Close	Previous	High/Low
Mar	920	943	940 015
May	918	941	940 912
Jul	886	909	010 885
Sep	900	910	918 896
Nov	913	932	928 910
Jan	921	944	935 922

Turnover:1563 (3628) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb 26: Comp. daily 57.15 (58.01) 10 day average 57.36 (57.35)

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
Apr	43.3	45.0	43.1 42.8
May	44.8	46.7	45.1 44.0
Apr	96.0	96.5	96.0

Turnover 206 (85) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Jun	143.10	144.00	143.10
Aug	144.60	145.50	144.60

Turnover 20 (20) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point
	Close	Previous	High/Low
Mar	1355	1369	1365 1355
Apr	1355	1365	1362 1355
May	1330	-	1342 1330
BFI	1370	1373	

Turnover 90 (61)

GRAINS – London FOX			£/tonne
Wheat	Close	Previous	High/Low
Mar	147.50	148.35	147.50 146.50
May	148.10	148.00	148.45 147.75
Jun	149.50	149.00	149.60 148.75
Nov	112.10	112.20	112.10
Mar	118.00	118.00	118.00
Barley	Close	Previous	High/Low
Mar	142.75	142.50	143.25 142.75
May	143.75	144.60	144.00 143.75
Nov	110.75	-	110.75

Turnover: Wheat 213 (127), Barley 122 (245). Turnover lots of 100 Tonnes.

PIGS – London FOX			(Cash Settlement) p/kg
	Close	Previous	High/Low
Mar	108.3	109.5	109.0
Apr	108.5	-	109.0

Turnover:29 (21) lots of 3,250 kg

LONDON METAL EXCHANGE					(Prices supplied by Amalgamated Metal Trading)
	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 01,005 lots
Cash	1174-5	1190.5-1.5		1184.5-5.5		
3 months	1196.5-7.0	1212-3	1210/1193	1207-7.5	1196-7	169,687 lots
Copper, Grade A (£ per tonne)					Total daily turnover 49,868 lots
Cash	1475-6	1014-5	1487/1486	1485-6.5		
3 months	1498.5-9.5	1538-9	1017/1497	1609.5-10.0	1499-500	153,540 lots
Lead (£ per tonne)					Total daily turnover 3,088 lots
Cash	283.5-4.5	284.5-5.5	283/283	283.75-4.0		
3 months	293-4	293.5-4.5	294/292	293.5-4.0	294-5	19,209 lots
Nickel ($ per tonne)					Total daily turnover 5,051 lots
Cash	5900-10	6020-30	5958/5945	5960-5		
3 months	5970-5	6060-80	6075/5960	6010-1	5960-70	42,453 lots
Tin ($ per tonne)					Total daily turnover 1,631 lots
Cash	5705-10	5795-75	5731/5731	5730-1		
3 months	5765-70	5825-35	5800/5760	5790-5	5765-70	7,940 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 33,800 lots
Cash	991-2	1019-20	1000/999.5	999.5-1000		
3 months	1010-11	1035.5-7	1036/1009	1018.0-7.0	1010-11	84,973 lots

LME Closing £/$ rate: SPOT: 1.4395 3 months: 1.4298 0 months: 1.4220 9 months: 1.4165

LONDON BULLION MARKET (Prices supplied by N M Rothschild)		
Gold (troy oz)	$ price	£ equivalent
Close	326.40-326.70	
Opening	328.70-329.10	
Morning fix	328.40	229.394
Afternoon fix	326.50	228.204
Day's high	329.00-329.30	
Day's low	326.10-326.40	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.59	6 months	2.39
2 months	2.53	12 months	2.42
3 months	2.50		

Silver fix	p/troy oz	US cts equiv
Spot	249.65	358.25
3 months	253.35	361.05
0 months	256.75	364.10
12 months	263.15	370.25

GOLD COINS	$ price	£ equivalent
Krugerrand	328.50-331.50	229.00-231.00
Maple leaf	338.10-340.35	-
New Sovereign	78.50-81.50	54.00-57.00

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Apr	Jul	Apr	Jul
1175	23	54	11	18
1225	3	27	42	41
1275	3	12	72	75
Copper (Grade A)	Calls		Puts	
2100	63	85	15	31
2200	10	35	70	79
2300	3	11	161	154
Coffee	May	Jul	May	Jul
900	68	90	27	52
950	41	41	60	60
1000	24	27	83	119
Cocoa	May	Jul	May	Jul
725	44	66	17	27
750	30	51	28	38
775	20	38	43	50
Brent Crude	Apr	May	Apr	May
1850	62	-	5	-
1900	22	48	30	66
1950	7	28	-	47

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Mar	328.6	328.4	0	0
Apr	329.3	328.1	329.8	329.1
May	329.9	329.7	0	0
Jun	330.6	330.4	331.0	330.4
Aug	331.9	331.7	332.0	332.0
Oct	333.3	333.1	0	0
Dec	334.7	334.5	336.0	334.9
Feb	336.1	335.0	0	0
Apr	337.5	337.4	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Apr	345.8	345.0	347.5	343.5
Jul	344.3	343.9	346.0	343.5
Oct	342.8	342.7	0	0
Jan	340.3	340.2	343.0	343.0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Mar	355.8	357.1	357.0	355.0
Apr	356.9	358.4	0	0
May	358.2	359.7	359.5	358.0
Jul	360.6	362.1	362.0	360.0
Sep	363.0	364.5	364.5	364.0
Dec	366.5	368.0	368.0	367.0
Jan	366.9	368.4	368.5	368.5
Mar	370.1	371.6	370.5	370.5
May	372.7	374.2	373.5	373.0
Jul	375.3	376.8	376.0	376.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	93.80	95.05	94.50	93.55
Apr	94.05	95.55	94.55	94.00
May	94.40	95.95	95.35	94.10
Jun	94.80	96.30	95.40	95.20
Jul	95.25	96.70	95.90	95.00
Aug	95.70	97.10	96.10	96.10
Sep	96.10	97.50	96.50	96.00

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Apr	20.60	20.61	20.75	20.40
May	20.64	20.63	20.76	20.43
Jun	20.67	20.65	20.78	20.48
Jul	20.66	20.98	20.80	20.51
Aug	20.68	20.66	20.76	20.50
Sep	20.68	20.67	20.80	20.56
Oct	20.70	20.68	20.73	20.55
Nov	20.70	20.67	20.73	20.65
Dec	20.69	20.65	20.77	20.52
Jan	20.66	20.65	20.67	20.53

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Apr	58.00	58.89	58.90	57.90
May	57.20	57.89	57.90	56.90
Jun	56.30	56.73	56.80	56.05
Jul	56.64	56.60	56.65	56.05
Aug	57.10	57.13	57.30	56.60
Sep	58.30	58.21	58.30	57.70
Oct	58.80	59.21	58.70	58.70
Nov	59.80	60.00	0	0
Dec	60.80	60.91	60.80	60.20
Jan	61.10	61.36	61.20	61.00

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Mar	900	905	916	918
May	940	936	946	937
Jul	962	960	970	960
Sep	985	983	991	985
Dec	1010	1013	1015	1015
Mar	1046	1043	1045	1045
May	1066	1063	0	0
Jul	1091	1086	0	0
Sep	1119	1114	0	0
Dec	1144	1139	1147	1147

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	65.35	61.00	66.00	65.35
May	62.65	64.45	65.75	64.00
Jul	64.90	66.45	65.60	64.85
Sep	66.75	68.35	67.25	66.75
Dec	69.35	71.15	70.55	69.35
Mar	71.90	73.25	0	0
May	74.30	76.00	74.25	74.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
May	10.29	9.95	10.35	9.93
Jul	10.25	10.06	10.30	10.01
Oct	9.51	9.35	9.53	9.37
Mar	9.11	9.01	9.13	9.01
May	9.10	8.95	0	0
Jul	9.18	9.00	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Mar	63.00	63.87	64.00	63.00
May	62.83	63.22	63.69	62.80
Jul	63.70	64.17	64.70	63.70
Oct	63.10	63.65	64.00	63.27
Dec	62.12	62.60	62.80	62.05
Mar	62.86	63.36	63.45	63.43
May	63.45	63.62	0	0
Jul	63.56	64.34	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	69.20	66.60	69.70	66.80
May	72.75	72.20	72.90	72.80
Jul	76.80	76.35	78.75	75.80
Sep	78.80	79.00	79.20	79.00
Nov	81.00	81.05	81.50	81.00
Jan	84.20	83.60	84.50	84.00
Mar	86.10	86.00	86.20	86.40
May	87.10	87.10	89.00	89.10
Jul	87.10	87.00	0	0

INDICES				
REUTERS (Base:September 18 1931 = 100)				
Mar 1	Feb 26	mnth ago	yr ago	
1772.3	1774.6	1717.7	1613.4	
DOW JONES (Base: Dec. 31 1974 = 100)				
Feb 26	Feb 25	mnth ago	yr ago	
Spot	122.62	125.10	121.87	116.45
Futures	124.71	124.93	121.89	122.71

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Mar	581/2	577/2	582/4	577/0
May	584/2	580/0	585/6	579/6
Jul	589/4	585/2	590/4	584/6
Aug	590/4	586/0	592/4	586/6
Sep	582/4	580/0	583/0	580/0
Nov	587/2	591/6	587/6	591/0
Jan	604/4	599/4	602/4	600/2
Mar	610/4	606/4	610/4	607/4
Jul	616/0	614/4	016/0	014/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Mar	21.32	20.80	21.32	20.82
May	21.56	21.11	21.50	21.11
Jul	21.78	21.37	21.80	21.32
Aug	21.85	21.42	21.86	21.42
Sep	21.85	21.42	21.85	21.49
Oct	21.86	21.49	21.89	21.49
Dec	21.95	21.57	21.97	21.52
Jan	21.97	21.57	0	0
Mar	22.05	21.65	0	0

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Mar	178.2	175.3	179.1	176.4
May	180.8	178.7	181.7	179.1
Jul	183.1	180.6	184.5	181.0
Aug	183.1	181.0	184.5	182.0
Sep	183.5	183.0	185.0	183.0
Oct	185.5	184.0	187.0	184.7
Dec	187.5	185.6	189.0	186.0
Jan	189.7	187.7	190.0	187.7
Mar	190.0	187.7	0	0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Mar	213/4	211/2	214/2	212/0
May	222/0	219/2	222/6	218/6
Jul	229/4	226/6	230/0	226/4
Sep	235/2	233/0	235/6	233/4
Dec	240/2	238/0	240/6	238/0
Mar	246/2	244/0	246/6	244/4
May	250/4	249/0	250/4	249/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Mar	375/0	372/2	374/0	369/0
May	344/4	339/2	343/4	338/2
Jul	317/4	314/6	315/2	312/4
Sep	318/2	319/4	319/2	315/2
Dec	326/0	326/6	326/4	324/4
Mar	330/0	330/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Apr	80.050	80.225	80.300	79.800
Jun	74.375	74.325	74.575	74.050
Aug	71.300	71.325	71.550	71.125
Oct	72.425	72.525	72.700	72.300
Dec	73.050	73.175	73.250	72.950
Feb	72.525	72.550	72.700	72.525
Apr	73.525	73.550	73.625	73.500

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Apr	46.400	45.825	46.475	46.120
Jun	50.575	50.825	50.800	50.400
Jul	49.000	48.900	49.275	48.800
Aug	46.400	46.750	46.500	46.200
Oct	41.650	41.825	41.900	41.350
Dec	42.875	43.100	43.200	42.800
Feb	43.100	43.250	43.250	43.180
Apr	42.100	42.250	42.400	42.100

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Mar	38.450	38.925	39.150	38.250
May	39.875	40.225	40.500	39.625
Jul	39.875	40.500	40.750	39.850
Aug	38.550	39.100	39.350	38.500
Feb	44.800	0	44.800	44.000
Mar	44.800	0	44.800	44.800
May	44.300	0	44.800	44.300

هكذا من الأصل

LONDON STOCK EXCHANGE

New closing peak for the Footsie

By Terry Byland,
UK Stock Market Editor

THE UK stock market moved comfortably to a new peak yesterday, encouraged by favourable comments on the outlook for German interest rates by Mr Helmut Schlesinger, the Bundesbank president, but it left share traders unsure whether the new ground had been securely captured. The driving force came from stock index futures, and genuine investment interest in equities was undramatic.

After opening lower on ex-dividend adjustments in nine stocks in the Footsie list, the market turned sharply higher at 8.35am when the March contract on the FT-SE 100 Index started trading with a burst of strength.

The previous closing high of 2,873.8 on the Footsie was quickly left behind and a gain of more than 16 points raised hopes that the existing intraday peak of 2,900.1 might be challenged.

It was soon clear, however, that there was insufficient institutional demand to push the market above the mid-morning level of 2,884.9. Ex-dividend changes held the Footsie back by about 7 points and, although the March future contract maintained a good premium, the stock market settled down for a closing reading on the FT-SE 100 of 2,882.6 to leave an advance on the day of 14.6.

At least one basket trade – a series of deals between the futures sector and the underlying blue chip stocks – was identified, but traders described the session as "essentially boring". With Wall Street a mere 5.68 Dow points ahead in UK hours, the London market was lethargic in the final hour of business.

Seaq volume of 535.1m shares fell short of Friday's total of 671.3m, which was worth £1.41bn in retail terms. Non-Footsie stocks made up around 67 per cent of yesterday's Seaq volume, and the FT-SE Mid 250 Index gained 13.6 to end at 3,049.7, just short of its all-time high.

In reviving optimistic views on the interest rate outlook, the stock market chose to focus on Mr Schlesinger's forecast after last weekend's meeting of Group of Seven finance ministers of a decline in German money market rates. It also elected to ignore Mr Lamont, the UK chancellor of the exchequer, who said following the same meeting that he did not envisage cutting UK rates at present. Stock market traders saw the firmness of sterling as an encouraging sign that the chancellor will feel able to cut rates around Budget Day, March 16.

The first day of the new equity market account was also featured by caution ahead of the continued flow this week of trading statements from blue chip British companies. Abbey National, Fisons, General Accident and BICC are reporting this week and Thursday brings the important trading and dividend statement from Barclays Bank. Several of these names are also on the market's list of possible fund-raisers by means of rights issues in the equity market.

Shell, Rank Organisation and Carlton Communications all took their ex-dividend moves badly yesterday. With these technical factors now taken aboard, the focus today is likely to be on the March stock index future. Traders will be watching closely to see if the FT-SE 100 Index can break through 2,900 convincingly; the March contract remained well short of this level in late trading yesterday.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ASDA Group	8,400	63¼	+1½
Abbey National	4,800	397	−1
Albert Fisher	1,600	57	
Allied-Lyons	339	595	+8
Amstrad	2,600	28	+½
Anglian Water	627	513	+3
Argos	134	274	
Argyll Group	756	372	+7
Arjo Wiggins	679	171	+3
Ass. Brit. Foods	283	489	+8
Ass. Brit. Ports	112	378	
BAA	1,800	779	+5
BAT Inds.	4,800	884	+16
BET	1,400	91½	+½
BICC	2,800	393	+8
BOC	381	752	
BP	6,400	273	−1½
BPB Inds.	597	214	+1
BT	3,300	423½	+5½
BTR	3,200	584	+6
Bank of Scotland	1,700	136½	+1
Barclays	3,900	425	+1
Bass	1,300	585	+8
Berisford Int.	414	125	
Blue Circle	823	227	+3
Booker	285	426	+8
Boots	1,000	485	+7
Bowater	1,300	571	+5
Brit. Aerospace	2,400	261	−8
British Airways	439	291½	+3
British Gas	11,000	301½	+3½
British Land	58	295	
British Steel	2,800	82¼	+2½
Burmah	341	131	−1
Burmah Castrol	254	717	−3
Burton	3,100	75½	
Cable & Wire.	1,200	736	−5
Cadbury Schweppes	3,800	464	+16
Calor Group	526	236	−3
Carlton Comms.	1,900	778	[illegible]
Coats Viyella	428	224	−2
Comm. Union	2,300	600	+20
Cookson	631	268	+1

	Volume 000's	Closing Price	Day's change
Courtaulds	504	574	+8
Dalgety	76	482	+1
De La Rue	686	672	+13
Dixons	1,400	223	+4
Eastern Elect.	2,900	459	+4
East Midland Elect.	1,400	440	+4
Eng China Clays	463	463	+8
Enterprise Oil	1,100	469	−7
Eurotunnel Units	180	514	+8
FKI	1,000	122	−1
Fisons	3,900	229	+3
Foreign & Col. I.T.	642	222	+8
Forte	585	235	
Gen. Accident	751	595	+26
General Elect.	947	285	+½
Glaxo	2,800	667	+7
Glynwed Intl.	940	299	+4
Granada	2,100	393	+3
Grand Met.	2,800	454	+2½
GUS A	1,300	1062	+39
GRE	1,000	193	+6
GKN	151	468	
Guinness	2,400	451	−2
HSBC (75p shs)	1,000	607	
Hammerson 'A'	197	319	−3
Hanson	4,700	252	−½
Hanson Warrants	1,800	28¼	+¼
Harrisons Crosfield	463	178	+1
Hillsdown	3,800	161	+3
IMI	825	262	−1
ICI	4,600	1209	+1
Inchcape	707	504	−1
Johnson Matthey	312	478	−1
Kingfisher	208	546	+2
Kwik Save	129	638	
Ladbroke	1,700	195	
Land Securities	1,200	484	+8
Laporte	437	682	+8
Legal & General	804	475	+4
Lloyds Abbey	732	426	+4½
Lloyds Bank	1,900	528	+9
LASMO	1,900	180	−8
London Elect.	410	455	+3

	Volume 000's	Closing Price	Day's change
Lonrho	1,200	89½	+1
Lucas	582	147	+2
MB Caradon	539	319	+2
MEPC	569	372	
[illegible]	1,800	813	+3
Marks & Spencer	3,800	333	+3
Midlands Elect.	179	486	+6
Morrison (Wm.)	443	163	+3
NFC	2,500	264	−5
NatWest Bank	2,800	439	+3½
National Power	1,200	318	+1
Next	1,800	144½	+1½
North West Water	1,100	490	+5
Northern Elect.	288	508	+5
Northern Foods	1,000	264	
Norweb	208	501	+4
Pearson	329	393	+2
P & O	1,100	682	+13
Pilkington	2,700	109½	+1½
PowerGen	1,600	320	
Prudential	1,100	324	+8½
RMC	308	617	+11
RTZ	782	678	+8
Racal	775	191	+2
Rank Org.	816	667	+1
Reckitt & Colman	1,000	626	+4
Redland	815	464	+18
Reed Intl.	516	660	+5
Rentokil	641	232	+5
Reuters	175	1362	+9
Rolls Royce	2,500	132	−1½
Rothmans	467	519	+8
Ryl Bk Scotland	1,600	240	+1
Royal Insurance	2,300	299	+8
Saatchi	260	188	
Sainsbury	1,500	528	+3
Scottish & New.	2,200	446	+8
Scot. Hydro-Elect.	514	250	+2½
Scottish Power	3,000	230	+2½
Sears	2,200	100	+2
Sedgwick	2,100	162	+3
Seeboard	288	487	+3
Severn Trent Water	1,800	461	+8

	Volume 000's	Closing Price	Day's change
Shell Transport	6,500	586	−5½
Siebe	489	475	+4
Slough Ests	674	186	
Smith (W.H.) A	843	479	−4
Smith & Nephew	851	154½	−1½
SmKl Beecham	1,400	457	+6½
SmKl Beecham Uts.	2,500	399	+7½
Smiths Inds.	419	346	
Southern Elect.	850	466	+4
South Wales Elect.	538	534	+8
South West Water	182	525	+8
South West. Elect.	386	481	+3
Southern Water	64	504	+4
Standard Chartd.	688	685	+17
Storehouse	1,800	183	+1
Sun Alliance	5,300	333	+10
T&N	400	190	−1
TI Group	2,000	298	+8
TSB	1,900	173	+1
Tarmac	2,100	110	+4
Tate & Lyle	2,500	434	−3
Taylor Woodrow	741	86	
Tesco	2,700	240	+5
Thames Water	1,100	522	+8
Thorn EMI	583	859	+17
Tomkins	1,200	262	+1
Trafalgar House	3,200	79	
Unigate	871	359	+8
Unilever	2,600	1031	+5
United Biscuits	773	395	+7
Utd. Newspapers	152	529	+3
Vodafone	1,800	392	−2
Warburg (SG)	183	621	−1
Wellcome	1,100	879	−7
Welsh Water	190	533	+2
Wessex Water	526	500	+5
Whitbread 'A'	608	489	+10
Williams Hldgs.	1,300	283	−1
Willis Corroon	489	185	+5
Wimpey	427	139	+4
Wolseley	593	558	
Yorkshire Elect.	46	509	−1
Yorkshire Water	527	554	+5

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Account Dealing Dates

*First Dealings:		
Feb 15	Mar 1	Mar 15
Option Declarations:		
Feb 25	Mar 11	Mar 25
Last Dealings:		
Feb 26	Mar 12	Mar 26
Account Day:		
Mar 8	Mar 22	Apr 5

*New time dealings may take place from 8.30am two business days earlier.

Sell note hits Abbey

ABBEY National, the building society turned high street bank which came to the market at 130p a share in July 1989, raced up to an all-time high early yesterday before turning off sharply as UBS Phillips & Drew issued a straight "sell" recommendation on the stock ahead of this morning's preliminary figures.

UBS expects Abbey to record an 8 per cent fall in profits to £570m. Analysts expect the dividend total to be lifted some 10 per cent to around 11.5p.

Following the UBS recommendation the shares retreated to 387p, before staging a late rally and closing only a penny off at 397p. Turnover in the stock totalled 4.8m shares.

UBS analyst Mr John Wriglesworth said he recommended the sale of the shares for a number of reasons, chiefly recent outperformance that has seen them outpace the market by 10 per cent in the past two weeks. He added: "Bad debts will remain a big problem and we do not expect house prices to rise this year. Added to that, Abbey's margins will be squeezed by the commercial banks and mortgage specialists. And they will be hit on the savings side by the government." Mr Wriglesworth said he expected no pleasant surprises in the figures or at the post-results meeting.

Gen Accident firm

Recent worries that a big rights issue might be on the way from General Accident tended to fade into the background yesterday, giving shares in the composite insurer a substantial boost. The rights issue fears had been triggered by the fund raising carried out by Commercial Union, which launched a £450m-plus rights issue and the £100m bond issue made by Royal Insurance.

GA closed a net 26 higher at 595p, a rise of 4.6 per cent, compared with the 0.5 per cent rise in the market and a 2.5 per cent increase in the composite insurance sub-sector.

The company's preliminary figures are expected this morning, with the market range extending from a £20m to a £45m loss, compared with last year's deficit of £172m. Analysts said the figures could reveal a strong improvement in results from motor insurance following rate increases.

Tate & Lyle weak

The news that the chief executive at UK sweeteners group Tate & Lyle was to leave the company caused the stock to buck the strong market trend.

At the day's worst the shares were down 7 at 430p, although dealers said there was no significant selling at the lower levels. Bargain hunting, together with the strong market, helped the shares recover some of the earlier fall and they closed 3 off at 434p after trade of 2.5m. Several analysts were concerned that the departure signalled deeper trading worries at the group.

There was no shortage of strong performers in the financial areas of the market. Standard Chartered delivered another good showing, the shares climbing 17 more to 685p, the highest level since the great crash of October 1987. Standard is scheduled to report preliminary figures on March 10. Lloyds rose 9 to 528p, albeit in relatively light trade. Barclays ended a fraction harder at 425p as the market continued the debate over whether the dividend will be cut on Thursday when the full-year figures are released. The probable flotation of some of its insurance subsidiaries saw Hambros Bank rise 3 to 316p.

A Smith New Court buy recommendation helped Prudential move ahead strongly, the shares closing 8½ up at 324p. Other life shares also did well, Lloyds Abbey closing 4½ ahead at 426p and Legal & General 4 better at 475p.

Composite insurances attracted keen buying across the board. Guardian Royal, reporting preliminaries tomorrow, settled 6 higher at 193p. Sun Alliance rose 10 to 333p.

Continuing fears that the March 10 figures will see the dividend cut failed to prevent a bounce in Willis Corroon, which ended 5 firmer at 185p. Lloyd Thompson, regarded as the best quality stock in the smaller insurance brokers, advanced 9 more to 290p.

Confirmation that Airtours was to raise its offer for its bid target Owners Abroad to 135p a share saw the stock of both companies gain further strength, as several market watchers came to the view the new offer might be just high enough to clinch the deal.

Owners shares closed 3 up at 134p, ex dividend, while Airtours also firmed 3 to 309p. Mr Hamish Dixon at Hoare Govett said: "I believe the improved offer represents fair value and the bid now stands a better chance of success."

A press suggestion that both Rank Organisation and Carlton Communications may soon face stiff competition for their video copying operations hurt the shares of both companies as each made a dividend payout. Shares in Rank gave up 20 to 667p ex dividend, while those in Carlton retreated 19 to 778p ex dividend. Analysts were however sceptical saying it is an old story and one said, "If it is plausible it is a long way off".

Thorn EMI continued Friday's bounce, shrugging off recent weakness and added another 17 to 859p.

British Gas touched an all-time high of 303p before easing back to close a net 3½ up at 301½p, after the call by Ofgas, the gas industry regulator for a break up of the company into twelve independently-owned regional gas supply companies.

De La Rue staged a strong rally after the recent bout of weakness, closing a net 13 higher at 672p.

BT moved up 5½ more to 423½p with marketmakers sensing that the campaign to sell the Government's remaining 21.8 per cent stake – labelled BT III – is beginning to warm up.

Ferranti was the market's heaviest traded stock with 21m shares changing hands following strong hints that the group will be a major beneficiary of the huge Al-Yamamah defence contract with Saudi Arabia. Ferranti closed 1¼ higher at 15¼p.

Electrocomponents jumped 8 to 383p and Farnell 3 to 360p after Hoare Govett reaffirmed its strong buy stance on both stocks and upgraded its profits forecast for the latter. Citing good growth in sales during the past six months Hoare increased its current year forecast for Farnell from £56m to £58m and that for next year from £59m to £62m.

Shares in engineering company James Wilkes jumped 18 to 66p in heavy trading of 2.2m shares as speculation of a bid from Suter swept through the market.

Shortly after the market close, it was announced that Suter had indeed been the day's big buyer and no has an 8.9 per cent stake in the engineering group. It said however it had taken no further decisions about further action. Shares in Suter closed unchanged at 135p.

Favourable weekend press comment boosted TI Group and the shares moved 8 ahead to 298p, in trade of 2m.

Shares in British Aerospace were weak and closed at 261pxd as analysts reflected on Friday afternoon's meeting with the company, the second meeting following last week's results. One aerospace watcher reflected: "The company still has a lot to do with little room to manoovre given the poor balance sheet." Rolls-Royce eased 1½ to 132p, in sympathy.

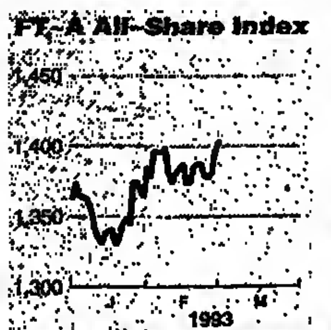
The view that Cadbury Schweppes was not about to buy chocolate maker Terrys funding the acquisition through a rights issue continued to gain ground and the shares hardened 5 to 471p, with turnover reaching 3.9m by the close. Many expect good results when the group reports figures next week but several analysts remain negative and have suggested that current year earnings are likely to suffer as a result of a large rise in raw material prices.

Among the food retailers, Hillsdown Holdings and Morrisons were wanted. The former which reports figures next week, added 3 to 161p, while the latter also gained 3 to 161p.

MARKET REPORTERS:
Joel Kibazo,
Steve Thompson.

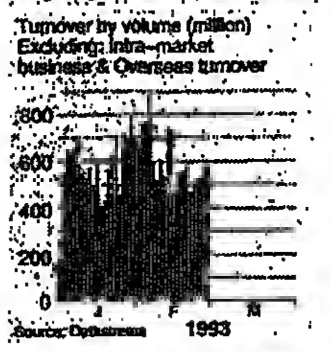
■ Other market statistics, Page 21

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1992/93

NEW HIGHS (236). BRITISH FUNDS (38) OTHER FIXED INTEREST (8) [illegible] ... TEXTS (3) Alexandra Workwear, Allied Text., Usher (F), TRANSPORT (3) Eurotunnel Units, Manchester Ship Canal, Mersey Docks, WATER (3) Cheam, East Surrey, Mid Kent, MINES (6) CRA, Kidston, North Broken Hill, Sons Gwalia, Western.

NEW LOWS (13).
BLDG MATLS (1) Johnston, CHEMS (1) Anglo Utd., CONTG & CONSTRCN (2) CRP, Lon. & Clydeside, ENG GEN (2) Beaufort, Torday & Carlisle, HOTELS & LEIS (1) Jurys, INV TRUSTS (2) Derby Inc., SPLIT Inc., OTHER FINCL (1) Cambridge, PROP (2) High-Point, Warnford, MINES (1) Joel (HJ).

FINANCIAL TIMES EQUITY INDICES

	Mar 1	Feb 26	Feb 25	Feb 24	Feb 23	Year ago	High	Low
Ordinary share	2225.5	2208.4	2178.5	2172.9	2160.7	1981.2	2228.1	1570.0
Ord. div. yield	4.38	4.39	4.47	4.48	4.45	4.50	5.34	4.23
Earning yld % full	5.11	5.15	5.26	5.98	5.99	6.52	-	-
P/E ratio net	20.52	20.37	20.00	21.27	21.30	19.28	22.01	15.79
P/E ratio nil	19.34	19.28	18.94	19.54	19.57	18.33	-	-
Gold Mines	91.7	93.2	94.9	95.3	93.5	126.9	160.5	60.0

*for 1992/93. Ordinary share index since compilation: high 2228.1 8/2/93 - low 49.4 26/6/40
Gold Mines Index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Basis Ordinary shares 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2206.0	2215.4	2216.4	2221.4	2218.9	2220.8	2222.7	2222.3	2221.0	2225.5	2204.9

Volume		Feb 26	Feb 25	Feb 24	Feb 23	Year ago
SEAQ Bargains	33,426	35,280	28,275	27,383	29,945	32,609
Equity Turnover(£m)†	-	1413.0	1377.8	1178.1	1232.7	881.6
Equity Bargains†	-	35,849	32,436	31,836	34,344	36,904
Shares traded (ml)†	-	575.1	581.8	532.4	521.5	387.8

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2882.6 +14.6	3049.7 +13.6	1403.48 +6.95

	Mar 1	Day's change %	Feb 26	Feb 25	Feb 24	Year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd
FT-SE 100	2882.6	+0.5	2868.0	2828.7	2817.0	2554.3	6.44	4.18	19.76	13.45
FT-SE Mid 250	3049.7	+0.4	3036.1	3029.5	3029.8	2517.1	5.78	4.18	18.64	9.09
FT-SE-A 350	1421.2	+0.5	1414.2	1398.3	1393.8	1241.1	6.32	4.18	19.51	11.11
FT-SE SmallCap	1536.12	+0.5	1528.18	1525.29	1525.04		5.34	4.17	26.09	5.79
FT-SE SmallCap ex Inv Trusts	1538.41	+0.5	1530.94	1527.53	1528.12		5.99	4.43	24.00	5.02
FT-A ALL-SHARE	1403.48	+0.5	1396.53	1381.52	1377.40	1226.46	6.45	4.19	19.80	5.98
[illegible]										

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2861.9	2876.2	2877.3	2883.8	2880.2	2881.5	2884.1	2880.3	2880.2	2884.9	2858.3
FT-SE Mid 250	3035.7	3040.9	3043.1	3047.2	3047.0	3047.5	3049.6	3048.8	3048.7	3050.0	3035.4
FT-SE-A 350	1411.8	1417.9	1418.5	1421.4	1420.0	1420.6	1421.6	1420.2	1420.2	1421.9	1410.4

Gross dividend yield (ACT at 25%) FT-SE 100: 4.19%

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Construction	1608.7	1609.3	1609.5	1611.3	1611.3	1611.3	1611.3	1615.7	1620.3	1622.0	1612.2	+9.8
Health & H	1142.4	1149.4	1151.3	1152.5	1149.4	1148.7	1147.6	1143.9	1145.4	1147.8	1144.9	+2.9
Water	1411.9	1414.2	1415.4	1422.7	1421.8	1420.5	1423.2	1422.3	1421.9	1422.3	1411.4	+10.9
Banks	1613.2	1622.0	1618.0	1617.3	1613.5	1620.8	1623.7	1615.7	1618.0	1620.3	1620.0	+0.3

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

[illegible]

OTHER FIXED INTEREST

[illegible]

Continued on next page

EQUITY FUTURES AND OPTIONS TRADING

DERIVATIVES markets provided the driving force behind the rise in the FT-SE 100 Index to a new closing peak yesterday, but appeared to lose heart towards the end of the day, writes Terry Byland.

The March contract on the FT-SE Index set the pace, opening with a premium of around 10 points against the cash market, a strong performance compared with a discount of around 4 points on the fair value calculation which allows for carrying costs and dividend flows on the basket of Footsie stocks making up the contract.

A healthy arbitrage opportunity between futures and cash was seized by some UK houses. However, futures traders said that business in their market was not particularly heavy – the March contract finally traded 2,884 contracts, an unimpressive total.

The contract held its premium at the official close when persistent selling by a Scandinavian bank was counter-acted by demand from locals, or independent traders. After the offical close, however, the contract slipped back further from the day's peak to show little change from the final reading on the FT-SE Index itself.

Traded options business fell to 18,536 bargains from nearly 30,000 on Friday, with the FT-SE trading only 7,093 and the Euro FT-SE 1,017. Asda headed the individual stocks list with 1,049 lots.

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or –	1992/93 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		18⅞xd	–⅛	21¼	14⅝	15,221	2.0
Allegheny & W	♥	538p	+24	538p	226p	279.6	3.8
Amdahl		571p	+12	1158p	438p	641.2	1.2
Amer Cyanamid		34⅝	—	39⅝	28⅝	3,069	3.3
Amer Express		17¼xd	+¼	17¾	10⅛	6,165	4.1
Amer T & T		38½xd	–⅞	39⅞	20⅛	51,782	2.3
Ameritech		52⅞	–⅛	52¾	32½	23,041	4.8
BankAmerica		38¾xd	–⅛	37⅞	18⅛	12,682	2.6
Bankers NY		45⅞xd	–⅛	48½	28⅞	3,742	4.8
Bell Atlantic		38⅛	—	39⅛	23⅛	16,937	4.6
BellSouth		39⅞	+⅛	39⅞	25	19,683	4.8
Bethlehem Steel	♥	11⅞xd	–⅛	13¾	5⅞	1,074	–
Bowater		1582pxd	+10	1682p	905p	544.3	1.6
CPC	h	33⅞xd	+½	34	22⅞	6,064	2.5
Cadiz Land Inc	♥	115p	—	342p	108p	–	–
California Engy		1426p	+6	1426p	691p	259.8	–
Chase Manhattan		21½xd	—	22¼	9⅛	3,371	3.8
Chrysler		27⅞xd	+⅛	28⅞	6¼	6,669	1.5
Citicorp		18⅞xd	—	18½	5⅞	6,739	–
Colgate-Palm		44⅛xd	+1	44⅛	25¼	7,045	1.9
Cont'l Bank		1687p	—	1691p	499p	1,784	2.4
Dana		31½xd	–⅛	34⅞	14⅞	1,444	0.8
Data General		670p	+13	1004p	384p	240.1	–
Decora Inds	♥	149p	—	149p	65p	–	–
Dun & Brad		40	–⅛	40⅞	27⅞	7,126	3.8
Eaton		55⅞	+⅛	58⅞	32½	1,923	2.7
Echlin		16½xd	–⅛	18⅞	7⅞	963.6	2.9
FPL		27xd	–⅛	27⅞	17⅛	4,905	6.3
Ford Motor		31⅛	–⅛	36⅞	15	15,569	2.2
Gen Elect		56⅞xd	–⅛	21¼	36¼	50,066	3.0
General Host	♥	702p	+33	723p	360p	–	3.5
Gillette		41½xd	+⅛	41½	23⅛	9,119	1.2
Hasbro		20⅞	—	23½	12⅞	1,815	0.8
Honeywell		22⅞xd	–⅛	24⅞	18	3,153	2.7
Houston Inds		33	—	33¼	22	4,274	6.3
IBM		38¼xd	+⅛	64½	29⅞	21,824	3.9
Ingersoll-Rand		24xd	+⅛	25	12⅛	2,587	2.0
Lockheed		41⅞	+⅛	42½	22⅞	2,608	3.5
Lowe's	h	2803p	–51	£182p	815½p	1,461	1.5
Merrill Lynch		47⅞xd	+⅛	49¼	24⅞	4,874	1.7

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

Authorised by the Inland Revenue

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

OIL & GAS - Cont.

PACKAGING, PAPER & PRINTING - Cont.

TELEPHONE NETWORKS

MINES - Cont.

METALS & METAL FORMING

TEXTILES

PROPERTY

MISCELLANEOUS

INVESTMENT COMPANIES

OTHER FINANCIAL

TRANSPORT

MEDIA

WATER

OTHER INDUSTRIALS

SOUTH AFRICANS

STORES

MOTORS

PLANTATIONS

MINES

PACKAGING, PAPER & PRINTING

OIL & GAS

Greenwich Res	12¼	—	13	2	9.83	-
Hemlo Gold C$	£4½	-⅛	£5⅞	£3½	433.8	2.2
Iverna West IE	05	—	53	30	21.8	-
Kells Minis IE	8	—	42	8	0.19	-
Kenmore	7	—	9	2¼	8.72	-
Molinga Res.	17½	-½	48	6	1.93	-
Navao Res IE	33	—	34	18	4.42	-
5pc Ln Notes	31	—	34	25	5.64	-
Oryx Gold	67	—	103	45¼	-	-
Plateau	3¾	—	13	3	1.37	—
RTZ	678	+9	688	469	6,800	3.8
Vizcaya	4	—	5¼	1	2.14	-

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-price, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◊ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ☆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring +44 81-643 7181 (open 24 hours including weekends) or fax +44 81-770 0544, quoting the code FT7351. Reports will be sent the next working day, subject to availability. Please remember to state the weekly changing code above.

FT Cityline

Real time share prices and other stock market information is available through the FT Cityline International telephone service.

Annual subscription £250.00 stg.

Call +44 71-925 2128 for more details.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 873 4378.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♠) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 – 379 – 0444.

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 873 4378.

Sharp (Albert E.) & Co (1000)F

Sheppards Unit Trust Mngmt Ltd (1200)F

Whittingdale Unit Tst Mgmt Ltd (0830)F

Woolwich Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

INSURANCES

Acmea Life Assurance Ltd

Cannon Assurance Ltd (z)

Crown Financial Management Ltd

Guardian Royal Exchange

Legal & General—Contd.

Midland Life Limited

Continued on next page

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call (071) 873 4378.

Prolific Life & Pensions Ltd
Stramongate, Kendall, Cumbria LA9 4UB 0539 733733
Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or −	Yield Gross
Life Funds				
Adventurous Mngd	167.6	170.3	(z)	−
Balanced Grth Mngd	684.6	728.4	(z)	−
Cautious Mngd	130.0	138.3	(z)	−
Cash Fd	118.1	335.3	(z)	−
Property Fund	216.7	230.6	(z)	−
Gilt Fund 20	449.4	478.1	(z)	−
Equity Fund	784.8	834.9	(z)	−
Fxd Int. Fund	420.1	442.7	(z)	−
International	350.9	373.3	(z)	−
High Income	605.9	644.6	(z)	−
Technology	453.2	482.2	(z)	−
North American	470.0	500.1	(z)	−
Far East	474.9	505.3	(z)	−
Special Sits	555.9	591.4	(z)	−
Extra Inc Fd	328.2	349.2	(z)	−
American Income	193.3	205.7	(z)	−
Convertible & Gilt Fd	160.0	170.3	(z)	−
European Fund	127.4	135.6	(z)	−
Pref & Fixed Int	116.6	124.1	(z)	−
UK Blue Chip	117.9	124.3	(z)	−
Recovery Fund	116.9	123.2	(z)	−
Equity Income Dist.	109.7	116.8	(z)	4.88
Managed Dist.	104.2	110.9	(z)	5.60
High Yield Dist.	105.6	111.3	(z)	8.10
Pension Funds				
Adventurous Mngd Pens Acc	178.0	187.4	(z)	−
Balncd Gth Mngd Pens Acc	798.8	840.9	(z)	−
Cautious Mngd Pens Acc	150.8	158.8	(z)	−
Building Soc. Acc	367.4	386.8	(z)	−
Property Pens. Acc	295.4	311.0	(z)	−
Fix. Int. Pens Acc	664.0	699.8	(z)	−

Reliance Mutual

J Rothschild Assurance PLC

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 873 4378.

	Bid Price	Offer Price	+ or −	Yield Gross
CMI Fund Mngrs (IOM)				
Traders Fund Ltd H*	516.80	10 10	....	-
*Dealings Wednesday				
City Financial Admin (IoM) Ltd				
Beckman Option & Warrant	0.36	0.44	....	0.00
Beckman Option & Warrant $	$0.51	0.64	....	0.00
Beckman Reserve Assets	102	102	....	0.00
Duncan Lawrie Inv. Mgt. Ltd				
DL Sterling	136.9	143.8	-0.3	3.6
DL International	51.42	1.51	-0.06	2.5
Gartmore Fund Managers (IoM)				
Intl. Inc.*	17.6	18.7	+0.1	9.0
* Projected Yield				
John Govett Management (IoM) Ltd				
Gvt Geared Cur NAV Feb 26		$14.92	....	-
Paragon Plus Red Feb 1		£9.85	....	-
Paragon Stlg Red Feb 1		£11.33	....	-
SE Asian Wt NAV Feb 25		$10.36	....	-
Govett Mgd Ftrs Feb 26	113.05	15.15	....	-
Govett Mngd Ftrs Feb 26	99.74	10.65	....	-
New Horizons Inc Feb 25		$14.38	....	-
New Horizons Inc Trs Feb 25		$6.15	....	-
Gvt Geared Bd Feb 26		$7.76	....	-
ISI Global Funds Limited				
Intl Stlg Grth	£21.68	22.83	....	-
Intl $US Grth	$10.02	10.98	....	-
High Income Gilt	£27.00	28.07	....	-
International Equity	£22.12	23.29	....	-
International Bond	£24.45	25.34	....	-
Managed Currency	£28.10	28.39	....	-
Sterling Currency	£26.84	27.12	....	-
US$ Currency	$37.88	38.26	....	-

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pound rallies against D-Mark

STERLING enjoyed a strong rally against the D-Mark yesterday, buoyed by the clear hope in both foreign exchange and money markets that the Bundesbank would cut its official Discount rate at its council meeting on Thursday, *writes James Blitz*.

The pound rose 3¼ pfennigs against the D-Mark on the day, closing at DM2.3700. It also enjoyed a strong rise against the exchange rate index, which measures the pound's value against a basket of currencies. The pound closed 110 basis points higher at 77.1.

The pound's strength was partly due to several factors specific to the UK. Mr Norman Lamont, the UK chancellor, suggested at the weekend that there would be no further cuts in UK rates for some time to come. Yesterday's data for UK money supply showed that M0 rose 0.7 per cent in February for a 4.8 per cent gain year-on-year, suggesting a rise in consumer spending.

But the main factor behind yesterday's rise in sterling was the indication at the G7 finance ministers' meeting in London at the weekend that the Bundesbank was prepared to see further falls in money market rates.

Mr Helmut Schlesinger, the Bundesbank president, indicated a more relaxed attitude to falling interest rates. He said that the changes in the minimum reserve requirements for German commercial banks should prompt a slight fall in money market interest rates.

Mr Schlesinger's comments helped to unwind tensions in the European exchange rate mechanism yesterday. The French franc rose to a close of FFr3.394 against the German currency, from a previous FFr3.400.

However, there were concerns last night that the market was too optimistic about the possibility of the officially posted rates being reduced.

Market participants expecting an easing in the repo rate, at which the Bundesbank provides wholesale funds to commercial banks, may be justified.

But Mr David Cocker, chief economist at Chemical Bank in London, said the main requirements of an easing in the Discount rate were not in place. The German government's Solidarity Pact has not been agreed, wage agreements in the manufacturing sector have not been completed and yesterday's consumer prices figure, at 4.2 per cent year on year, was not encouraging.

Yesterday's lacklustre performance by the dollar, which rose ¼ a pfennig against the D-Mark to close at DM1.6465, may push the Bundesbank in the direction of cutting the Discount rate.

One dealer said there was now less risk that an easing of policy would raise the prospect of imported inflation by depreciating the German currency. But Mr Neil MacKinnon of Citibank in London remained sceptical. "The market may be pricing in too much from the Bundesbank this Thursday," he said.

£ IN NEW YORK

[illegible]

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

*Floating rate. Iran Official rate £98 50 $66.30

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr per 100: Peseta per 100

FINANCIAL FUTURES AND OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

PARIS

[illegible]

POUND - DOLLAR

[illegible]

MONEY MARKETS

Germany hints again

THE BUNDESBANK gave another subtle hint yesterday that German money market rates should come down this week after it issued rather less volume in its first tender for short-term liquidity paper than dealers had expected, *writes James Blitz*.

At the weekend, Mr Helmut Schlesinger, the Bundesbank President, revealed a slight change of mood over interest rate policy, suggesting that cash rates could come down as the Bundesbank's new rules on commercial banks' minimum reserve requirements take effect.

Yesterday was the first day that the new rules came into operation, and there was indeed a sharp drop in the value of call money. It fell from around the Lombard rate level of 9 per cent at the start of the day to 8.78 per cent by the close of trading, as more funds came into the market.

However, details of the issue of 3, 6, and 9 month bills may also have implied that rates could soften this week.

Miss Alison Cottrell of Midland Global Markets in London noted that the Bundesbank had said earlier this month that it would allot up to DM25bn in the first of these new allocations of short-dated instruments to the German money market.

Yesterday, the Bundesbank announced it would be allotting DM14.8bn of short-term funds. In Miss Cottrell's view, the central bank was therefore adding liquidity to the market. She believes the Bundesbank's repo rate should therefore come down 15 basis points to about 8.35 per cent later this week.

Dealers in Euromark futures contracts continued to assume that there would also be another cut in the Bundesbank's officially-posted Discount rate at this week's council meeting.

The March Euromark contract was more or less unchanged on the day, closing down 3 basis points at 92.05. At this level it assumes that 3-month money in two weeks' time will be at 7.95 per cent, implying a reduction to the Discount rate "floor", currently at 8.00 per cent.

Reflecting the news from Germany, the March French franc contract rose 8 basis points on the day to close at 88.55.

Sterling futures also rose: the March short sterling contract closed up 2 basis points on the day, at 94.06. Three-month sterling cash closed an ⅛ per cent softer at 6 per cent. This reflected the termination of "end-of-month" factors, which always bring tighter conditions in wholesale cash markets.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	6.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	Roxburghe Bank Ltd	6
Bank of Baroda	6	●Robert Fleming & Co	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	Girobank	6	●Smith & Williamson Secs	6
Bank of Cyprus	6	●Guinness Mahon	6	Standard Chartered	6
Bank of Ireland	6	Habib Bank AG Zurich	6	TSB	6
Bank of India	6	●Hambros Bank	6	Unibank plc	6
Bank of Scotland	6	Heritable & Gen Inv Bk	6	●United Bank of Kuwait	6
Barclays Bank	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Western Trust	6
●Brown Shipley	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
CL Bank Nederland	6	Julian Hodge Bank	6	Yorkshire Bank	6
Citibank NA	6	●Leopold Joseph & Sons	6		
City Merchants Bank	6	Lloyds Bank	6	● Members of British Merchant Banking & Securities Houses Association	
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	Midland Bank	6		
Coutts & Co	6				
Credit Lyonnais	6				

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.8,090 Set by PROTEUS

ACROSS

1 Cross about art (poetry) (8)
5 Tree that always looks neat and tidy (6)
9 Reform to disturb great lady (8)
10 Worthless person not good for example going first (3,3)
12 Stickler trying to make a table (9)
13 Pretty rollicking part of Austrian province (5)
14 Transaction in port (4)
16 Normal cut vegetable (7)
19 Voter or easily led reader (7)
21 Team employing spin (4)
24 Actual number in kingdom (5)
25 Toils desperately at flower pastime (9)
27 Playing while holding temporary appointment (6)
28 Help to turn race with stream of invective (8)
29 Right about malice shown by imp (6)
30 Showing respect for Paul and New Testament (8)

DOWN

1 A growing economy (6)
2 Soothsayers' tools we hear (6)
3 Run to special edition (5)
4 Train constable in effect? (7)
6 Laid on thick when tight (9)
7 Infallible Cockney description of German fish? (8)
8 Drinks providing urge to take pleasure flights (3-5)
11 Block return of trophies (4)
15 Meant site to be developed for a small cafe (9)
17 Care terribly about clubs for pandas (4-4)
18 Editor with experience of the Russian theatre? (8)
20 Hurry to see first print of movie scene (4)
21 Sailor getting one soldier cross (7)
22 Most excellent theologian (6)
23 Become less strict about fast (6)
26 Appellation given to bird by the French (5)

Solution to Puzzle No.8,089

PORTAUPRINCE
S R I G E O A S
CAPITAL LATERAL
O H A Y E O G E
LIEIN OVENWARE
O A E E A S P
PUNISHMENT RHYL
E S E T D E
NILE GRILLROOMS
D I Y Y A P S
RUNSDOWN MOURN
I G W H F A L E
UKELELE LETTERS
W R L E A I N S
SALTLAKECITY

هكذا من الأصل

WORLD STOCK MARKETS

CANADA

TORONTO

4 pm close March 1

Quotations in cents unless marked $

MONTREAL

4 pm close March 1

Total Sales 16,836,900 shares

INDICES

NEW YORK

DOW JONES	Feb 26	Feb 25	Feb 24	Feb 23	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3370.81	3365.14	3356.50	3323.27	3442.14 (5/2/93)	3136.58 (8/10/92)	3442.14 (5/2/93)	41.22 (2/7/32)
Home Bonds	105.37	105.58	105.58	105.65	105.98 (12/2/93)	98.41 (20/3/92)	105.98 (12/2/93)	54.99 (1/10/81)
Transport	1518.10	1532.20	1506.21	1482.65	1589.61 (8/2/93)	1304.40 (28/8/92)	1589.61 (8/2/93)	12.32 (8/7/32)
Utilities	240.17	239.81	239.98	239.55	240.61 (22/2/93)	200.74 (8/4/92)	240.61 (22/2/93)	10.50 (8/4/32)

DJ Indl. Day's High 3396.21 (3387.02) Low 3336.23 (3326.78) (Theoretical♠)
Day's High 3377.30 (3365.14) Low 3351.38 (3343.26) (Actual♠)

STANDARD AND POOR'S	Feb 26	Feb 25	Feb 24	Feb 23	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	443.38	442.34	440.87	434.80	449.56 (4/2/93)	394.50 (8/4/92)	449.56 (4/2/93)	4.40 (1/6/32)
Industrials	509.24	507.63	506.18	498.55	518.43 (4/2/93)	470.91 (8/4/93)	518.43 (4/2/93)	3.62 (21/6/32)
Financial	43.07	43.01	42.55	41.75	44.32 (4/2/93)	32.40 (8/4/92)	44.32 (4/2/93)	8.64 (1/10/74)
NYSE Composite	244.08	243.38	242.50	239.37	247.98 (4/2/93)	217.92 (8/4/92)	247.98 (4/2/93)	4.46 (25/4/42)
Amex Mkt. Value	406.84	405.43	403.41	399.95	418.99 (12/2/92)	364.85 (9/10/92)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	670.77	667.07	662.46	651.40	708.85 (4/2/93)	547.84 (26/6/92)	708.85 (4/2/93)	54.87 (31/10/72)

	Feb 18	Feb 12	Feb 5	year ago (approx.)
Dow Industrial Div. Yield	3.07	3.00	3.07	2.78
	Feb 24	Feb 17	Feb 10	year ago (approx.)
S & P Industrial div. yield	2.53	2.55	2.47	2.60
S & P Indl. P/E ratio	26.88	26.51	27.36	25.03

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Chem Bank	4,924,800	40½	- 1⅛
Conner Per	4,835,800	16¾	- 1½
Wal-Mart	4,281,400	32½	+ ⅜
Telefonos	3,934,100	49⅝	+ 2
Kroger	3,842,500	16¼	- ⅛
Philip Morris	3,212,600	67⅛	+ 1½
Rollin Env	3,099,900	8	- ⅞
IBM	3,030,000	54¼	+ ½
Texas Util	2,802,400	46⅞	+ ⅛
Chrysler	2,576,400	39⅝	+ ⅜

TRADING ACTIVITY

† Volume Millions	Feb 26	Feb 25	Feb 24
New York SE	234,160	252,790	298,880
Amex	14,070	15,827	15,963
NASDAQ	(u)	259,388	280,816
NYSE			
Issues Traded	2,469	2,455	2,461
Rises	1,160	1,067	1,213
Falls	746	807	697
Unchanged	563	581	551
New Highs	117	107	142
New Lows	8	13	14

CANADA

TORONTO	Feb 26	Feb 25	Feb 24	Feb 23	1992/93 HIGH	1992/93 LOW
Metals & Minerals	2908.11	2911.28	2922.26	2893.08	3238.87 (16/1/92)	2528.91 (17/11/92)
Composite	3451.69	3459.94	3465.75	3452.78	3666.00 (10/1/92)	3195.40 (14/10/92)
MONTREAL Portfolio	1777.25	1782.82	1791.47	1788.12	1937.58 (16/1/92)	1663.16 (14/10/92)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♠ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

	Mar 1	Feb 26	Feb 25	Feb 24	1992/93 HIGH	1992/93 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1639.3	1609.6	1608.9	1604.8	1684.50 (22/5/92)	1357.20 (16/11/92)
All Mining (1/1/80)	636.4	623.9	625.3	620.9	726.80 (3/7/92)	545.40 (10/11/92)
AUSTRIA						
Credit Aktien (30/12/84)	354.86	348.17	344.72	343.36	458.57 (24/2/92)	291.41 (13/8/92)
Traded Index (2/1/91)	857.33	837.12	826.07	820.57	1090.43 (24/2/92)	682.96 (13/8/92)
BELGIUM						
BEL20 (1/1/91)	1210.78	1207.48	1206.39	1206.38	1235.40 (2/6/92)	1046.07 (2/9/92)
DENMARK						
Copenhagen SE (3/1/83)	277.99	279.50	280.57	281.48	365.29 (15/1/92)	250.42 (28/10/92)
FINLAND						
HEX General (28/12/90)	953.0	947.2	938.4	929.7	953.00 (1/3/93)	541.00 (7/9/92)
FRANCE						
CAC General (31/12/81)	529.85	517.54	520.29	515.34	555.93 (12/5/92)	441.78 (7/10/92)
CAC 40 (31/12/87)	1998.80	1983.71	1944.64	1953.39	2077.49 (11/5/92)	1611.04 (5/10/92)
GERMANY						
FAZ Aktien (31/12/58)	668.24	659.48	650.57	648.10	725.26 (26/5/92)	585.81 (12/10/92)
Commerzbank (1/12/53)	1885.3	1865.8	1838.9	1832.8	2043.80 (25/5/92)	1594.60 (12/10/92)
DAX (30/12/87)	1700.95	1684.35	1658.91	1644.24	1811.57 (25/5/92)	1420.30 (6/10/92)
HONG KONG						
Hang Seng Bank (31/7/64)	6398.92	6351.99	6203.88	6177.69	6447.11 (12/11/92)	4301.78 (2/1/92)
IRELAND						
ISEQ Overall (4/1/88)	1337.42	1310.15	1303.48	1291.32	1469.57 (17/1/92)	1094.88 (19/10/92)
ITALY						
Banca Com. Ital. (1972)	531.91	513.27	506.80	502.75	551.59 (6/2/92)	354.93 (16/9/92)
MIB General (4/1/93)	1172.0	1133.0	1119.0	1110.0	1172.00 (1/3/93)	982.00 (11/1/93)
JAPAN						
Nikkei (16/5/49)	16879.60	16953.35	16907.39	16798.94	23801.18 (6/1/92)	14309.41 (18/8/92)
Tokyo SE (Topix) (4/1/68)	1276.26	1284.21	1278.20	1275.28	1763.43 (6/1/92)	1102.50 (18/8/92)
2nd Section (4/1/68)	1681.11	1687.91	1685.48	1685.23	2459.85 (6/1/92)	1502.77 (19/8/92)
MALAYSIA						
KLSE Composite (4/4/86)	634.87	638.18	638.83	634.22	660.35 (5/11/92)	546.63 (14/1/92)
NETHERLANDS						
CBS Tti.Rtn.Gen.(End 1983)	315.9	314.4	312.8	311.9	315.90 (1/3/93)	274.00 (8/1/92)
CBS All Shr (End 1983)	212.8	211.6	210.5	209.9	215.50 (26/5/92)	189.70 (25/8/92)
NORWAY						
Oslo SE (Ind) (2/1/83)	711.88	706.28	708.25	706.92	772.74 (18/5/92)	532.43 (25/8/92)
PHILIPPINES						
Manila Comp (2/1/85)	1494.38	1519.37	(c)	1482.46	1580.95 (11/6/92)	1083.01 (17/3/92)
SINGAPORE						
SES All-Singapore (2/4/75)	420.24	419.60	421.12	421.27	421.27 (24/2/93)	351.41 (21/10/92)
SOUTH AFRICA						
JSE Gold (28/9/78)	964.0♥	976.0	1000.0	1027.0	1327.00 (21/1/92)	746.00 (10/11/92)
JSE Industrial (28/9/78)	4501.0♥	4497.0	4493.0	4502.0	4688.00 (4/6/92)	3836.00 (16/10/92)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	(c)	644.70	655.61	672.81	708.77 (8/1/93)	459.07 (21/8/92)
SPAIN						
Madrid SE (30/12/85)	326.66	232.89	228.00	227.90	326.66 (1/3/93)	179.48 (5/10/92)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1018.1	1000.18	989.20	977.80	1018.10 (1/3/93)	639.00 (5/10/92)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	(u)	925.1	909.8	911.1	947.50 (15/2/93)	748.50 (8/1/92)
SBC General (1/4/87)	(u)	713.6	702.2	703.0	722.60 (15/2/93)	596.40 (26/8/92)
TAIWAN**						
Weighted Price (30/6/66)	4517.59	4278.63	4156.88	4049.50	5391.63 (30/1/92)	3088.43 (9/1/93)
THAILAND						
Bangkok SET (30/4/75)	910.52	937.65	954.53	958.12	998.44 (25/1/93)	667.84 (19/5/92)
WORLD						
M.S. Capital Intl.(1/1/70) $	509.7*	508.7	507.3	506.3	542.10 (7/1/92)	467.50 (8/4/92)
Euro Top-100 (26/6/90)	941.66	939.00	916.34	910.70	976.55 (25/5/92)	772.52 (5/10/92)

**Saturday February 27: Taiwan Weighted Price 4,384.67, Korea Comp Ex 642.96
♥ Subject to official recalculation.
*Calculated at 15.00 GMT

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 25 Industrials - 264.3 and Australia All Ordinary and Mining - 500; (c) Closed. (u) Unavailable

TOKYO - Most Active Stocks

Monday, March 1, 1993

	Stocks Traded	Closing Prices	Change on day
Odakyu El Rly	7.4m	720	
Shizuoka Bk	4.9m	1290	
Showa Shell	3.6m	775	-26
Meiji Milk	3.2m	788	-19
Furukawa Elec	2.3m	435	+8
Japan Mt & Chem	2.2m	521	-26
Toshiba Corp	2.2m	565	-13
Nippon Jutaku	2.2m	285	-1
Asahi Bank	2.2m	872	-23
Okura	2.0m	495	+4

4 pm close March 1

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992/93 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15 7/8	10 3/4	AAR Corp	0.48	3.9	22	398	12 1/2	12 1/4	12 1/4	-1/8
28 1/2	18	A L Labs A	0.18	0.9	129	709	21 1/4	20 5/8	20 3/4	-3/8
68 3/4	52 3/8	AMP Inc	1.60	2.8	30	697	57 3/8	56 1/2	56 7/8	-1/4
80 1/4	54 3/8	AMR			8	4666	59 5/8	58 3/4	59 1/2	-1/8
2 3/8	1 1/8	ARX			10	16	1 1/4	1 1/4	1 1/4	-1/8
53 1/2	29 7/8	ASA	2.00	5.8	23	179	35	35 1/4	35 1/4	-3/8
34 1/4	22 7/8	Abbott Lab	0.60	2.3	17	13964	26 1/8	25 3/4	25 7/8	-1/8
13 7/8	10 1/4	Abitibi Pr	0.50	4.8	3	148	10 1/2	10 3/8	10 3/8	+1/8
11 5/8	10 1/8	ACM Gvt In	0.96	8.4		218	11 3/8	11 1/8	11 3/8	+1/8
10 3/8	8	ACM GvOpp	0.80	8.4		18	9 1/2	9 1/8	9 1/2	
9 3/8	8 1/2	ACM Gvt Sp x	0.79	8.3		158	9 1/2	9 3/8	9 1/2	+1/32
11 5/8	9 7/8	ACM Gvt Se x	0.96	8.7		304	11	10 7/8	11	+1/8
10 5/8	8 5/8	ACM Mun	1.09	10.2		68	u10 5/8	10 1/2	10 5/8	+1/8
12 7/8	8 5/8	ACM Managd	0.78	8.4		122	9 1/4	9 1/8	9 1/4	
11 3/4	4 3/4	Acme Cleve	0.40	4.9	17	114	8 1/8	8	8 1/8	
9 1/8	3 3/4	Acme Elect			737	72	7 1/2	7 1/8	7 1/8	
33 1/2	12 1/8	Acuson			12	986	13 1/2	12 3/4	13 1/2	+3/4
22 1/4	18 1/8	Adams Expr	0.48	2.3	1	170	21 1/4	20 7/8	21 1/8	+1/8
51 1/2	29 1/2	Ad Micro x	3.00	6.1		312	50 3/4	49 1/4	49 1/4	-1 1/4
22 1/2	7 1/2	Ad Micro P	3.00	14.1	8	3974	21 7/8	21 1/8	21 1/4	-1/8
9 1/8	4 7/8	Advest Grp	0.18	2.4	13	50	6 5/8	6 1/2	6 5/8	
46 3/8	33	Aegon ADR	1.35	2.9	8	169	u46 1/2	46 1/8	46 3/8	
53 3/4	38	Aetna Li	2.76	5.8	957	1177	49 1/4	47 7/8	47 7/8	-1 3/8
14 1/2	6 3/8	Affil A	0.24	2.0	30	222	12 1/4	12	12 1/8	

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Continued on next page

NYSE COMPOSITE PRICES

1992/93 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
Continued from previous page										
22⅝	14⅞	Ruddick	0.24	1.1	16	85	22	21⅝	22	+⅛
37	16	RussBerrie x	0.70	2.9	5	474	24	23⅞	23⅞	
40⅜	27¾	Russell Cp	0.36	1.1	16	346	32½	32	32⅛	-⅜
32¼	19⅝	Ryder Syst x	0.80	2.2	19	2207	28¼	27⅝	27¾	-1½
28	16	Ryland Grp	0.60	3.1	11	417	20⅛	19⅝	19⅝	-½
- S -										
21⅛	16⅞	S Anita Rt	1.36	6.6	28	119	20¾	20⅝	20¾	+½
20⅝	13⅛	SCOR US Cp	0.28	1.4	17	50	20½	20¼	20½	+½
29½	19	SPS Techno	1.28	5.3	17	76	24⅛	23½	24	+⅜
15⅛	12⅛	Sabine Rt	1.25	9.4	10	27	13¼	13⅛	13¼	
11⅞	7¾	Safecard	0.16	0.9	14	103	10¾	10⅝	10¾	
[illegible]										

NASDAQ NATIONAL MARKET

4 pm close March 1

[illegible]

AMEX COMPOSITE PRICES

4 pm close March 1

[illegible]

AMERICA

Equities open quietly after Friday's blast

Wall Street

US SHARES began trading on a modestly firmer note yesterday, although some traders suggested that Friday's bomb blast at the World Trade Center was having a delayed psychological effect on the equity market, *writes Nikki Tait in New York*.

Although there was no direct impact from the blast on either the New York Stock Exchange or the American Stock Exchange, which are housed in a different part of Manhattan's financial district, some market participants said that the explosion underlined the area's vulnerability to terrorist attack. Dealing yesterday morning began quietly, although by mid-morning, the market was generally heading higher.

At 1 pm, the Dow Jones Industrial Average was up 11.09 at 3,381.89. The more broadly based Standard & Poor's 500 was up 0.41 at 443.79, while the Amex composite was 1.78 higher at 408.62. The Nasdaq composite rose 1.54 at 672.31. Trading volume on the NYSE was 130.1m shares by 1 pm.

The only economic data yesterday had little influence on the market. The National Association of Purchasing Management's survey of business activity in February showed the first decline since September, with the index standing at 55.8 last month compared with 58 in January.

Many of the most actively traded "mainline" stocks were mixed during the morning session. Wal-Mart Stores gained $\$ 3/4$ at $\$ 33$, while IBM rose by $\$ 1/2$ to $\$ 54 1/4$. Two of the drug stocks also rallied, with Glaxo gaining $\$ 3/8$ at $\$ 19 3/8$ and Merck $\$ 1/4$ at $\$ 39 1/4$.

By contrast, Philip Morris continued to feel the weight of worries about a tobacco tax, and eased another $\$ 1 1/4$ to $\$ 65 1/4$, while RJR Nabisco lost $\$ 1/4$ at $\$ 8 1/4$. Compaq Computer also declined sharply, losing $\$ 1 1/2$ at $\$ 43 1/4$, while Chrysler fell by $\$ 1/4$ to $\$ 39 1/4$.

Among some of the smaller stocks, shares in Thermedics, a bomb detection equipment maker, rallied in the wake of the World Trade Center blast, up $\$ 1 1/4$ at $\$ 13 1/4$. Sensormatic also rose strongly on news that Wal-Mart, the nation's top-selling retailer, plans to install the company's electronic article surveillance system in over one hundred additional stores. Sensormatic gained $\$ 1 1/4$ at $\$ 34 1/4$.

SAO PAULO dropped 5.4 per cent by midday after the resignation of Mr Paulo Haddad, Brazil's economy minister. At 13.00 local time the Bovespa index was 768 lower at 13,276 and midday volume was Cr1,370bn ($68.2m).

Brokers said the market was anxious about inflation, currently running at around 27 per cent a month, the timing of a new economic programme and the possibility of a delay in Brazil's imminent talks with the International Monetary Fund.

Canada

TORONTO was dragged down by continued losses in gold stocks, and weakness in the heavily weighted telecommunications blue chip, Northern Telecom, as the TSE-300 index fell 12.19 to 3,439.50 at midday. Volume was 19.4m shares valued at C$152m. Northern Telecom dropped C$1⅝ or 2.5 per cent to C$53⅞.

SOUTH AFRICA

JOHANNESBURG saw modest gains, with De Beers improving R1.25 to R68.50 after rising 2.5 per cent in US trading on Friday. The overall index put on 5 at 3,423 and industrials 14 at 4,501, but golds suffered a loss of 12 at 960.

EUROPE

A question of timing for interest rate hopes

HOPES of a further interest rate cut from the Bundesbank this week were behind yesterday's European gains, *writes Our Markets Staff*. However, Mr Richard Davidson, European equity strategist at Morgan Stanley in London, described the interest rate prospect as a "red herring".

The Bundesbank might well cut rates this week, he said, but the cut would have to be one of 100 basis points to underpin, for example, the French franc. Morgan Stanley is overweight in Europe, likes it a lot on the triple prospect of a stronger dollar, lower interest rates and, it hopes, resumed growth in 1994. But its time horizon is over twelve months, not four days.

FRANKFURT saw a four-year low in bond yields and the DAX index, 18.60 higher at 1,700.95, at its highest level since last July 17. Turnover eased from DM7.9bn to DM7.5bn.

The Bundesbank's average bond yield fell another 7 basis points to 6.44 per cent but, as with equities, investors were beginning to see the market as a little overbought by the afternoon, when German inflation figures came in a little worse than expected.

In equities, banks moved up strongly on the interest rate speculation, the critically acclaimed Commerzbank and Dresdner putting on DM8.50 to DM299.50, DM8.30 to DM404.50 respectively.

Carmakers and their component suppliers were more mixed, above average gains for Daimler and BMW being offset by a DM4.10 fall to DM274 for Volkswagen after a German weekly reported that VW could incur a first quarter operating loss of more than DM1bn.

PARIS broke the 2,000 barrier during the day on futures-led activity and strong foreign demand, especially from the US. However, some late profit-taking saw the CAC-40 index lose a little of its strength, closing 15.09 higher at 1,998.80 in turnover of some FFr3.7bn.

Construction and finance stocks were encouraged by the prospect of lower European interest rates with Bouygues gaining FFr20 to FFr658, Soc-Gen FFr5 to FFr650, Suez FFr6.40 to FFr302.90, also ahead of tomorrow's results, and Axa FFr22 to FFr1,200.

With further warnings about a decline in European car sales Peugeot lost FFr1 to FFr638 and Michelin eased FFr4.90 to FFr186.20.

MILAN returned to insurers, which had closed strongly last week, on expectations that a cabinet meeting later in the day would approve plans for the introduction of private pension funds. Some observers believe that if the funds are created, possibly by the third quarter, the fresh inflow of funds into the equity market could amount to as much as L4,000bn. The Comit index closed up 17.98 at 531.19.

Generali led the way with a rise of L2,190 to L37,000 while Alleanza moved ahead L550 to Lt6,662.

Elsewhere, Fiat maintained its impetus with a gain of L180 to L6,000, and L6,060 on the kerb. Foreign interest in telecommunications was also seen with Stet fixing L146 higher at L2,399 and L2,405 after hours and Sip up L54 at L1,778.

ZURICH, too, featured financials on interest rate speculation, with insurers in the lead. The SMI index closed 21.1 higher at 2,120.5 with Winterthur bearers SFr70 better at SFr3,360 and Swiss Re certificates SFr14 higher at SFr604.

AMSTERDAM was flat, the CBS Tendency index closing at 99.9; but among the actives Unilever built on last week's solid gains following the release of a positive earnings statement, adding another Fl 3.20 to Fl 211.70.

Heineken, which issues 1992 results on Thursday, was another gainer, up to a record high during the session of Fl 188.50 before slipping back to finish up Fl 1.90 at Fl 187.60.

MADRID extended Friday's gains, banks leading with gains of 2 to 3 per cent in several, and the general index putting on another 3.77 to 236.66 in brisk turnover of Pta17.35bn, down from Pta5bn previously. The run of corporate results continued, with no shocks as yet to brake the market.

STOCKHOLM lost some its early gains on late profit-taking but the Affarsvärlden general index still managed a gain of 18.00 points to close at 1,018.10. Turnover was high at SKr873m after Friday's SKr807m.

Astra continued to recover some of last week's losses with a SKr7 rise in the B shares to SKr692. In the banking sector, Handelsbanken advanced another SKr3 to SKr72.

VIENNA finished at its highest close since last July with a rise in the ATX index of 20.21, or 2.4 per cent to 857.33.

The construction sector led the day's rally with Universale up Sch59, or 6.6 per cent at Sch949.

COPENHAGEN was pushed lower by reports that Carlsberg might be overvalued, and by losses at Unidanmark. The brewer's B shares fell DKr12.55 to DKr266 while Denmark's second largest bank group rallied to close unchanged at DKr135 after DKr132. The KFX index closed 0.69 lower at 81.48.

ISTANBUL fell 4.6 per cent as overnight and short term bond rates reflected the banks' need to meet some TL16,000bn in treasury bill auction payments on Wednesday. The market index was 273.52 lower at a provisional 5,650.09, taking its losses to 7.25 per cent since last Wednesday's record high.

FT-SE Actuaries Share Indices

March 1 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1161.81	1161.26	1161.47	1160.78	1161.09	1161.06	1159.02	1158.20
FT-SE Eurotrack 200	1214.41	1214.75	1215.03	1214.70	1215.91	1215.79	1212.13	1213.57

	Feb 26	Feb 25	Feb 24	Feb 23	Feb 22
FT-SE Eurotrack 100	1139.80	1125.06	1116.05	1119.41	1132.76
FT-SE Eurotrack 200	1194.07	1178.13	1172.14	1178.69	1190.84

Base value 1000 (26/10/90) High/day: 100 - 1162.89; 200 - 1217.16 Low/day: 100 - 1157.86 200 - 1211.60

ASIA PACIFIC

Tokyo Steel earnings downgrade leaves Nikkei lower

Tokyo

FEARS over lower corporate earnings, triggered by a Nomura Research Institute (NRI) report, unnerved investors and share prices finished lower after thin trading, *writes Emiko Terazono in Tokyo*.

The Nikkei average closed 73.75 down at 16,879.60 after a day's high of 16,971.00 and low of 16,831.31. The index firmed in early trading on buying of telecommunications stocks, but fell later on selling prompted by fears over lower corporate profits.

Volume dwindled to 170m shares from 266m, while declines led advances by 664 to 265, with 198 issues unchanged. The Topix index of all first section stocks shed 7.96 to 1,276.25, and in London the ISE/Nikkei 50 index eased 0.50 to 1,027.03.

A report by Nomura Research Institute, projecting that Tokyo Steel, a leading electric furnace steel maker, would fall into the red next fiscal year, prompted heavy selling. Investors were shocked by the report, as the company has been a market favourite due to its high profitability relative to blast furnace steel makers.

NRI revised its earnings forecast for Tokyo Steel to a pre-tax loss of Y3.5bn from a pre-tax profit of Y20bn for the year ending March next year, stemming from a plunge in demand for steel bars. NRI said Tokyo Steel could cut its dividend as a result of the loss.

Tokyo Steel dropped Y370 to Y2,130, while other electric furnace steel makers also lost ground. Toa Steel fell Y64 to Y919 and Yamato Kogyo Y100 to Y1,100. Blast furnace steel makers were also weak, Nippon Steel losing Y5 to Y292.

Nippon Telegraph and Telephone gained Y15,000 at Y831,000 on active buying. The issue has risen 6.9 per cent over the past month on reports that the telecommunications group wants to raise its call rates.

Showa Shell Sekiyu, the oil refiner which came under heavy selling pressure last week on its huge foreign currency loss, fell a further Y26 to Y775.

In Osaka, the OSE average dipped 59.13 to 18,046.48 in volume of 48.1m shares. Trading on the OSE surged 30.5 per cent last month from January to 1,297.4m shares. OSE officials said that active cross trading, or selling and buying back shares to realise profits on stock holdings, ahead of the March financial year-end had pushed up activity.

Roundup

WITH THE exception of Bangkok and Singapore, the region showed strong performances yesterday.

BANGKOK saw the banking sector lose more than 5 per cent on rumours that Bangkok Bank was facing substantial bad debts. The SET index closed 27.13, or some 3 per cent, lower at 910.52 in turnover of Bt4.1bn.

The bank issued a statement denying the rumours, which had started to circulate after last Thursday's announcement of a capital increase from Bt10bn to Bt20bn. The shares weakened Bt8 to Bt115.

HONG KONG finished near to its record peak as investors began to anticipate good annual results due later this week. The Hang Seng index climbed 46.83 to 6,398.82 in turnover of HK$4.4bn.

Hang Seng Bank advanced HK$1 to HK$64 and Hutchison Whampoa 20 cents to HK$17.90.

AUSTRALIA closed at its highest level for seven months after the release of the lowest monthly current account deficit in five years. The All Ordinaries index appreciated 29.7 to 1,639.3 in turnover of A$334.6m.

The banking sector was very strong, with NAB rising 25 cents to A$8.40, Commonwealth 17 cents to A$6.90 and Westpac 11 cents to A$3.19.

SINGAPORE was weaker on profit-taking as many investors chose to ignore Friday's budget which came after the close. The Straits Times Industrial index slipped 5.60 to 1,658.90 in volume of 166m shares.

TAIWAN ended at an eight-month high, while turnover, at T$78.4bn, was at its heaviest level since May, 1991. The weighted index rose 132.93, or 3 per cent, to 4,517.59.

The electronics sector was particularly active, with Acer up 80 cents at T$25.60.

NEW ZEALAND was encouraged both by Australia's performance and by gains in FCL, Carter Holt Harvey and Telecom, as the NZSE-40 index gained 21.01 at 1,587.04 in low turnover of NZ$25m.

FCL moved ahead 10 cents to NZ$2.49, Carter Holt Harvey 5 cents to NZ$2.94 and Telecom 4 cents to NZ$2.69, but brokers noted that volumes were low.

MANILA eased after Eximbank, of Japan, suspended loans worth $400m for power projects pending a court ruling on a petition for an electricity rate increase. The composite index fell 24.98 to 1,494.39 in 408m pesos combined turnover.

BOMBAY retreated sharply for the second consecutive trading session as the market reacted to disappointments over the national budget announced on Saturday. The BSE index closed at 2,571.18, down 81.22 or 3.1 per cent, as brokers said that the biggest disappointment in the budget was that the government did not cut corporate taxes.

US gains offset by Japan's losses

MARKETS IN PERSPECTIVE

	% change in local currency † 1 Week	4 Weeks	1 Year	Start of 1993	% change sterling † Start of 1993	% change in US $ † Start of 1993
Austria	+1.44	+7.14	-19.79	+5.60	+11.24	+4.55
Belgium	+0.21	+2.34	+1.47	+7.74	+12.59	+5.82
Denmark	-1.85	-1.99	-19.43	+8.76	+15.00	+9.09
Finland	+3.60	+13.44	+10.45	+16.63	+8.58	+2.44
France	+2.25	+11.54	+1.19	+8.05	+13.62	+6.96
Germany	+0.50	+7.97	-5.91	+9.97	+15.34	+9.41
Ireland	+6.69	+5.32	-8.59	+0.57	+6.34	-0.05
Italy	+2.94	+7.27	+1.90	+16.80	+17.16	+10.13
Netherlands	+1.05	+5.29	+5.68	+7.29	+12.44	+5.68
Norway	-1.31	+0.46	-6.86	+1.90	+7.10	+0.67
Spain	-0.13	+2.01	-8.19	+10.39	+14.27	+7.39
Sweden	+0.55	+11.46	+19.12	+6.13	+2.18	-3.96
Switzerland	-0.47	+1.23	+13.71	+1.90	+4.12	-2.15
UK	+0.75	+2.15	+12.99	+1.50	+1.50	-4.60
EUROPE	+0.88	+4.61	+5.31	+8.46	+7.59	+1.12
Australia	+1.22	+5.80	-3.46	+3.69	+11.51	+4.80
Hong Kong	+3.63	+11.78	+28.45	+15.56	+23.10	+15.70
Japan	-0.62	-1.24	-15.48	-1.66	+10.70	+4.04
Malaysia	+2.31	+6.20	+14.08	+5.71	+11.61	+5.09
New Zealand	-0.70	+5.24	+0.29	+2.39	+11.02	+4.34
Singapore	+1.32	+1.90	+3.81	+4.50	+10.64	+4.18
Canada	+0.42	+3.88	-6.67	+1.91	+10.34	+3.70
USA	+2.18	+0.98	+9.83	+1.68	+8.19	+1.68
Mexico	-4.00	-10.56	-15.10	-14.94	-6.95	-14.42
South Africa	-1.63	+0.02	-7.00	+5.32	+20.33	+13.09
WORLD INDEX	+1.03	+1.56	-0.51	+1.92	+8.00	+2.45

† Based on February 26th 1993. Copyright, The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited.

By William Cochrane

Wall Street was determined last week to retrieve what it had lost in reaction to Mr Clinton's tax plans the week before, and even the bombing of the World Trade Centre on Friday could not prevent US equities posting a 2.2 per cent gain.

The Nomura Research Institute Europe is not impressed. It stands by a massively under-weight recommendation for the US market, says it is more than fully priced for "good news" and that failure to break into new high ground after the drop in US long bond yields "provides the clearest sell signal yet seen".

Japan's 0.6 per cent decline was the main reason why the FT-Actuaries World Index was limited to a 1.0 per cent rise in local currency terms. Some observers are waiting for a slump in Tokyo when the fiscal year ends, investment books close and balance sheet ratios are set for the banks at the end of this month.

NRI Europe takes the contrary view. It says the deflationary impact of the rally in the yen will push the authorities towards further moves, "this time massive", to reflate. A full one percentage point cut in the discount rate, and a Y20,000bn ($170bn) fiscal package would clearly not hurt the equity market, say the researchers: "On the contrary, we suspect that the market is (finally) going to deliver the coup de grace to the bears by staging a sharp rally up through 20,000."

The week's worst performer was Mexico, extending a period of relative weakness this year. Market professionals blame worries over prospects for the North American Free Trade Agreement and interest rates, the latter reflecting a national trade deficit which has increased five-fold since 1990.

In Europe, opinion gained strength towards the end of the week that a reduction in key German interest rates was again imminent. France, which advanced 2.2 per cent last week, is especially interest rate-sensitive.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	FRIDAY FEBRUARY 26 1993 — US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	THURSDAY FEBRUARY 25 1993 — US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX — 1992/93 High	1992/93 Low	Year ago (approx)
Australia (68)	131.13	+0.5	136.62	97.81	111.81	126.46	+0.3	3.92	130.45	135.28	96.91	110.68	126.10	153.68	108.18	144.95
Austria (15)	146.54	+0.4	152.68	109.31	125.08	125.14	+1.0	1.79	145.99	151.36	108.44	124.06	123.89	186.70	131.18	182.31
Belgium (42)	140.99	-0.8	146.89	106.15	120.32	117.69	+0.0	5.13	141.92	147.04	105.33	120.52	117.69	152.27	131.19	141.34
Canada (113)	118.92	+0.0	124.95	89.45	102.34	108.50	-0.3	3.04	118.92	124.34	89.07	101.90	108.81	142.12	111.36	135.76
Denmark (33)	201.18	-0.8	209.60	150.08	171.69	172.79	-0.1	1.33	202.92	210.38	150.72	172.43	173.04	273.94	181.70	246.92
Finland (23)	71.31	+0.9	74.29	53.18	60.85	69.12	+1.4	1.54	70.67	73.27	52.49	60.06	67.68	89.80	52.94	85.67
France (96)	157.45	+1.2	184.04	117.43	134.36	137.82	+1.8	3.26	155.54	161.26	115.52	132.16	135.41	168.75	136.93	156.43
Germany (62)	112.79	+1.1	117.51	84.14	96.25	96.25	+1.9	2.37	111.51	115.61	82.83	94.75	94.75	129.69	101.59	120.62
Hong Kong (55)	256.34	+2.3	267.08	181.20	215.77	254.51	+2.4	3.56	250.46	259.67	186.02	212.84	248.66	262.28	176.36	204.43
Ireland (16)	135.71	+0.6	141.39	101.23	115.82	129.16	+0.8	4.11	134.96	139.93	100.24	114.69	128.16	173.71	122.96	163.38
Italy (75)	60.43	+0.8	62.96	45.07	51.57	71.73	+1.4	2.89	60.04	62.25	44.59	51.02	70.71	80.86	47.47	75.82
Japan (472)	109.27	+0.1	113.85	81.51	93.27	81.51	+0.8	1.02	109.12	113.13	81.04	92.74	81.04	140.95	87.27	118.38
Malaysia (69)	274.77	-0.1	286.28	204.94	234.49	278.43	+0.0	2.40	275.06	285.17	204.29	233.73	278.55	282.42	212.49	244.90
Mexico (18)	1410.30	-1.0	1469.38	1051.94	1203.57	4791.58	-0.9	1.25	1424.49	1476.87	1058.02	1210.49	4818.00	1789.77	1185.84	1742.44
Netherland (25)	160.00	+0.1	166.71	118.35	136.55	134.85	+0.8	4.24	159.83	165.70	118.71	135.82	134.08	169.70	147.88	151.93
New Zealand (13)	44.75	+0.0	46.63	33.38	38.19	45.37	+0.0	4.82	44.75	46.39	33.24	38.02	45.39	48.52	37.39	46.38
Norway (22)	138.63	-0.7	144.43	103.40	118.31	131.76	-0.3	1.94	139.63	144.78	103.71	118.68	132.09	192.95	128.05	164.93
Singapore (38)	222.29	-1.0	231.59	165.80	189.70	168.56	-0.9	1.96	224.56	232.81	166.79	190.82	169.87	229.63	179.85	212.81
South Africa (60)	167.49	+0.1	174.50	124.93	142.93	165.51	-0.2	3.04	167.34	173.50	124.29	142.20	165.78	263.60	134.21	216.16
Spain (46)	125.23	+2.2	130.48	93.41	106.87	111.71	+2.2	5.44	122.54	127.04	91.02	104.13	109.26	181.72	107.10	159.53
Sweden (38)	159.01	+1.9	165.67	118.61	135.70	183.96	+1.4	2.11	156.17	191.91	116.00	132.71	191.43	200.28	149.69	179.18
Switzerland (56)	110.58	+1.3	115.22	82.49	94.39	104.62	+1.8	2.05	109.14	113.18	81.07	92.76	102.68	122.37	95.99	100.72
United Kingdom (226)	164.43	+0.7	171.32	122.64	140.32	171.32	+1.2	4.30	163.23	169.23	121.22	138.69	169.23	200.07	151.86	179.94
USA (522)	181.09	+0.2	188.67	135.08	154.55	191.09	+0.2	2.79	180.65	167.29	134.19	153.52	180.65	183.74	160.92	168.54
Europe (778)	137.54	+0.9	143.30	102.60	117.39	131.67	+1.4	3.55	136.34	141.35	101.26	115.86	129.91	156.88	131.31	147.05
Nordic (114)	147.79	+0.9	153.97	110.23	126.12	148.91	+0.9	1.85	146.48	151.86	108.80	124.47	147.59	188.52	141.24	175.27
Pacific Basin (715)	114.86	+0.3	119.67	85.68	98.02	88.08	+0.6	1.36	114.58	118.77	85.09	97.35	87.53	141.87	93.70	121.99
Euro-Pacific (1493)	124.02	+0.5	129.21	92.50	105.64	105.30	+1.0	2.35	123.35	127.89	81.91	104.81	104.31	145.21	113.80	132.28
North America (635)	177.29	+0.2	184.71	132.25	151.33	176.17	+0.2	2.80	176.88	163.38	131.39	150.33	175.79	179.56	158.70	166.45
Europe Ex. UK (552)	120.46	+1.0	125.50	89.87	102.82	109.53	+1.4	3.06	119.28	123.67	88.61	101.39	107.98	132.98	111.33	127.06
Pacific Ex. Japan (243)	169.61	+1.0	176.72	126.53	144.77	156.58	+1.0	3.43	187.92	174.10	124.74	142.71	155.08	175.31	146.06	157.63
World Ex. US (1684)	125.12	+0.5	130.36	93.33	106.78	107.23	+0.9	2.37	124.49	129.07	92.47	106.79	106.30	146.91	115.99	134.35
World Ex. UK (1980)	140.96	+0.4	146.87	105.15	120.31	125.87	+0.6	2.36	140.48	145.63	104.33	119.37	125.19	150.58	127.21	141.56
World Ex. So. Af. (2146)	142.96	+0.4	148.94	106.64	122.01	129.52	+0.8	2.65	142.39	147.63	105.77	121.01	128.72	153.05	130.04	144.44
World Ex. Japan (1734)	162.20	+0.5	169.00	121.00	138.45	158.24	+0.9	3.08	161.43	197.36	119.91	137.20	157.25	165.40	151.93	160.21
The World Index (2206)	143.02	+0.4	148.01	106.68	122.06	129.97	+0.8	2.55	142.46	147.70	105.91	121.07	129.08	153.70	130.66	144.87

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Latest prices were unavailable for this edition. **Constituent name change:** Cold Storage Hldgs. to Goodman Fielder Asia Hldgs. (Singapore).